January 2003

# Retirement Guidelines


OFFICE of RETIREMENT SERVICES

ORS

## Public School Employees Retirement System

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# Introduction

**Retirement.** You look forward to it as a time to enjoy the good life you've earned. To enjoy retirement to its fullest, you need financial security. The State of Michigan established a retirement plan to begin building that security for you. This retirement plan, together with Social Security contributions and your personal savings, can help you ensure financial security during your retirement years.

**The Michigan Public School Employees Retirement System (MPSERS)** retirement plan is designed to provide you with a monthly income, called a pension, when you retire. This plan also helps protect you and your family by providing health insurance and survivor benefits.

This book will guide you through the details of your retirement plan. On the following pages, you'll find answers to many of your questions about the plan:

- *How is my pension calculated and how much will I receive?*
- *What other retirement benefits will I receive?*
- *When can I start receiving my pension?*
- *What happens if I become disabled?*
- *What happens if I die before I receive my pension?*

**Use the *Retirement Guidelines* throughout your career to help you plan for retirement. When you're ready to retire, use it to help you make benefit decisions.**

Remember, this book is a summary of the main features of the plan and not a complete description. The operation of the plan is controlled by the Michigan Public School Employees Retirement Act (Public Act 300 of 1980, as amended) and is administered by the Office of Retirement Services (ORS). If the provisions of the Act conflict with this summary, the Act controls. In addition, most of the information contained in this booklet applies to members enrolled in the Member Investment Plan (MIP). Information for Basic Plan members is included in footnotes.

**Please read this book carefully. Share the information with your family and public school friends and save it for future reference. You should contact the Office of Retirement Services periodically for updated versions.**

## For More Information

If you need more information about any Retirement Plan feature or program, please e-mail us at ORSCustomerService@michigan.gov, fax us at 517-322-1116, call ORS at 800-381-5111, or write to:

**Office of Retirement Services (ORS)**
**P.O. Box 30171**
**Lansing, MI 48909-7671**

Send **all** correspondence to this address except payments for service credit purchases (please return to the address on the billing statement).

All written requests for information should include your social security number, mailing address, and phone number. You can change your address or request certain account-specific information by telephone, but you must provide sufficient information to verify your identity.

For further assistance with your retirement-related questions, you can speak with a Retirement Information Representative during normal business hours, Monday through Friday, 8:30 a.m. to 5:00 p.m. Call ORS toll-free at 800-381-5111, or from the Lansing area, call 517-322-5103.

If you wish to meet with a Retirement Information Representative, you can come to the Main Office during normal business hours. This service is provided in Lansing on a walk-in basis, so no appointment is necessary. However, if you prefer to go to one of our Outreach Offices, please call the corresponding telephone number listed on the following page and schedule an appointment with a Retirement Representative.

# ORS has three offices

(See map on following page):

### Main Office:

**Central Office**
***Physical Location:***
General Office Building
State Secondary Complex
7150 Harris Drive, Lansing

*(I-96 to Lansing Rd., Exit 98A, south to Canal Road)*

***Mailing Address:***
P.O. Box 30171
Lansing, MI 48909-7671

***Address for Payments ONLY:***
P.O. Box 30673
Lansing, MI 48909-8173

***Telephone:*** Toll-Free 800-381-5111 or 517-322-5103 in the Lansing area

***Fax:*** 517-322-1116

***E-Mail Address:***
ORSCustomerService@michigan.gov

### Internet Home Page:

www.michigan.gov/ors

**NOTE:** All written correspondence and any payments for service credit purchases must be submitted to the Main Office in Lansing.

### Outreach Offices:

**Detroit Office**
Cadillac Place
3068 West Grand Boulevard, Suite 4-700
Detroit 48202

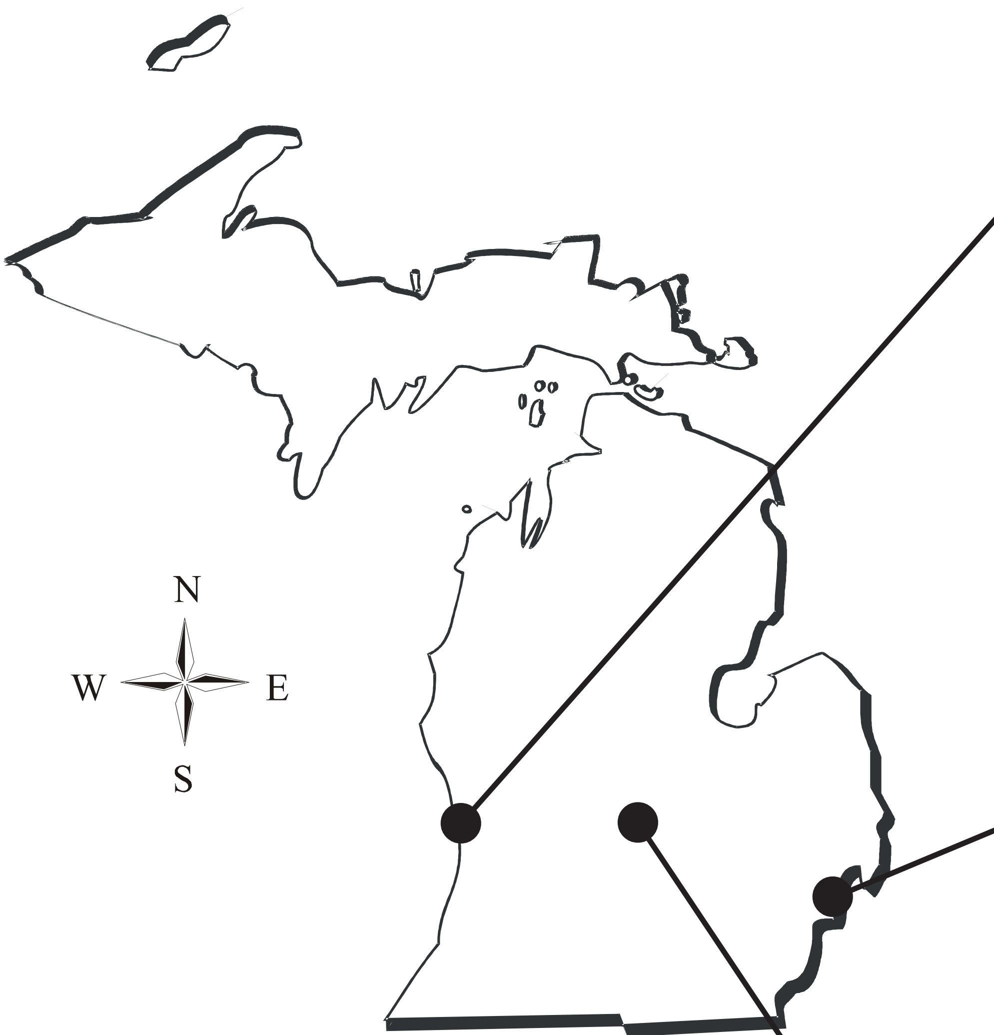
***Telephone:*** 313-456-4010
***Fax:*** 313-456-4011

**Holland Office**
Ottawa Area ISD - Educational Services Bldg.
13565 Port Sheldon Road
Holland
*(six miles north of Holland)*
616-738-8940, ext. 4094

*After March 31, 2003, the Holland Office will be closed. However, Retirement Information Representatives will be available at the Ottawa Area ISD during regularly scheduled visitation times. Check the ORS web site or contact the Main Office for upcoming scheduled visitations.*

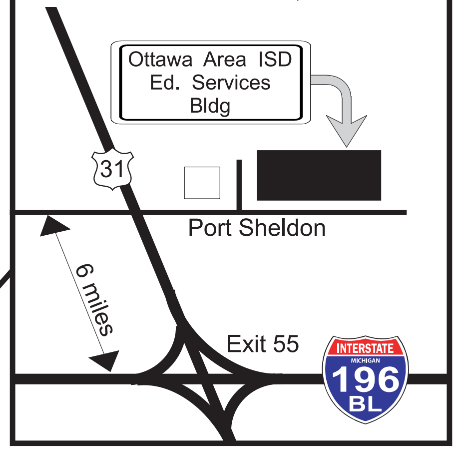
**For information about Pre-Retirement Informational Meetings (PRIMs) and pre-scheduled individual counseling appointments available in your local area,** **see Appendix F, page 61.**

# Office of Retirement Services
## *Office Locations*



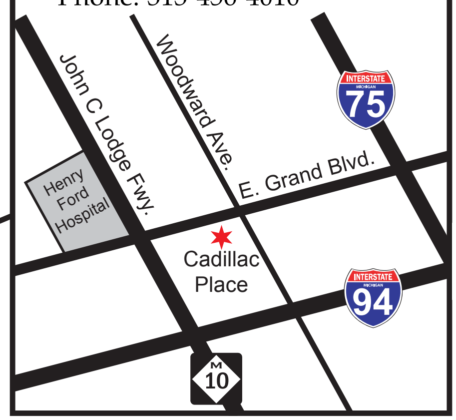

## Holland Office

13565 Port Sheldon Rd.
Holland, Michigan
Phone: 616-738-8940, ext. 4094



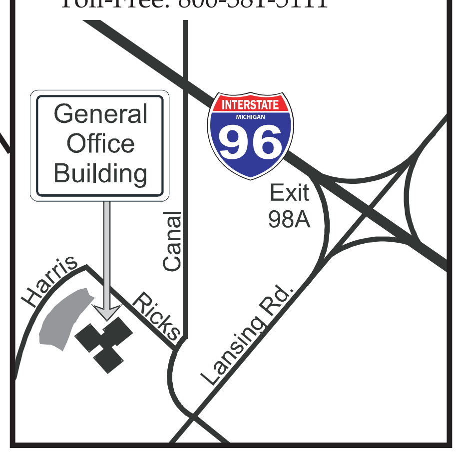

## Detroit Office

Cadillac Place
3068 West Grand Boulevard,
Suite 4-700
Detroit, Michigan
Phone: 313-456-4010




## Lansing Office

7150 Harris Drive
Lansing, Michigan
Phone: 517-322-5103
Toll-Free: 800-381-5111




## Correspondence Address

Office of Retirement Services
P.O. Box 30171
Lansing, MI 48909-7671

## Customer Information Center

In Lansing: 517-322-5103
Toll-free: 800-381-5111
E-mail: ORSCustomerServices@michigan.gov

## Web Site

www.michigan.gov/ors

# Retirement at a Glance

This chart gives you an overview of some of your Retirement System pension plan features and terminology. Refer to the individual sections for more detailed information.

| | |
|---|---|
| **Plan Participants** | Most employees of Michigan public schools*. |
| ***For brevity's sake, the term "public schools" will apply to participating K-12 districts, intermediate school districts, district libraries, community colleges, universities, and public school academies.*** | |
| **Contributions** | Employers contribute a percentage of payroll on members' behalf. Members also make contributions to MIP, based on annual salary.[1] |
| **Retirement Eligibility** | - Any age with at least 30 years of service.[2, 3]<br>- At least age 60 with 10 or more years of service.<br>- At least age 60 with five or more years of service[2] and at least 0.1 year (102 hours) of credited service in each of the five school fiscal years immediately before your retirement effective date.<br>- At least age 55, with 15 or more but less than 30 years of service and at least 0.1 year (102 hours) of credited service in each of the five school fiscal years immediately before your retirement effective date. Your pension is permanently reduced one-half percent (0.005) for each month your retirement effective date precedes your 60th birthday. |
| **Pension Formula** | Your final average compensation X 1.5% X years of service credit = your annual Straight Life pension. |
| **Earned Service Credit** | The years you actually *work* in a Michigan public school system that participates with this Retirement System, plus any years you transfer in for time you *worked* as a State of Michigan employee, plus credit granted for *intervening* Military service and/or sabbatical leave. |
| **Purchased Service Credit** | Additional years of service you *purchase* from outside this Retirement System to enhance your pension amount. |
| **Total Years of Service** | Earned Service Credit + Purchased Service Credit = Years of Service |
| **Final Average Compensation** | The total compensation you earned in the 36 consecutive months when your compensation was highest, divided by the service credit you earned during that 36 months.[4] |
| **Insurance Coverage** | Retirees and their eligible dependents may enroll in health, dental and vision plan coverage at retirement. Eligible beneficiaries may continue coverage after a retiree's death under certain circumstances. |

[1] Basic Plan members do not make contributions to the plan.

[2] MIP members with at least 30 years of service may begin their pension no earlier than age 46. Basic Plan members may begin their pensions no earlier than age 55 with at least 30 years of service, or age 60 with at least 10 years of service.

[3] At least 15 years of service credit must be ***earned through this Retirement System***.

[4] For Basic Plan members, the average is taken for the 60 consecutive months in which compensation was highest.

# Participating in Your Retirement Plan

By Michigan law, participants in the Michigan Public School Employees Retirement System plan include all employees of K-12 public school districts; intermediate school districts; district libraries; some public school academies; tax-supported community colleges; and certain employees who became employed before January 1, 1996, by one of seven Michigan universities (Central, Eastern, Northern, and Western Michigan Universities; Ferris State University; Lake Superior State University; and Michigan Technological University).

**Note: As the Retirement System's name suggests, we will use the term "school" throughout this document to collectively describe all participating Retirement System agencies.**

The following public school employees are **not** members of this Retirement System:

- a person who has retired from this system and is receiving a pension, even if he or she returns to Michigan public school employment
- a person employed by a public school while enrolled as a full-time student in that system
- a person under the age of 19 employed in a temporary, intermittent or irregular seasonal or athletic position, whether a student or not
- a full-time instructor or administrator of a community college or an eligible university who elected an optional retirement plan (such as TIAA/CREF) offered under 1967 P.A. 156, as amended
- an employee of one of the above seven universities who was *first* hired *on or after* January 1, 1996
- a *new* employee of a library or museum hired *after* it separated from the school district
- a person who is working in the public school system only through a program resulting from the following acts:

  – Federal Work Force Investment Act of 1998

  – Michigan Community Service Corps Program (1983 P.A. 259)

  – Senior Community Service Employment Program (Public Law 89-73)

  – Work First Program

  – the administration of any of these programs, unless he or she is employed by the school and was previously a member of this system
- an employee enrolled in a transitional public employment program
- a person enrolled in a federally-funded neighborhood youth corps program or similar training program operated by an intermediate school district to prevent and/or rehabilitate high school dropouts
- a person who is working for the school for the sole purpose of an election
- a person working in a public school who is contracted by an outside company, rather than hired directly by the school
- a person working in a public school who is self-employed as an independent contractor.

## When your participation begins

You become a member of this system and begin accruing credit toward a pension on the first day you work in the Michigan public school system. When you begin employment, you complete a *Beneficiary Nomination* form to provide the Retirement System with data to help determine the funding of your future retirement benefits. You also name a beneficiary, the person who will receive any appropriate survivor benefits if you die before retirement.

## When your participation ends

You will participate in this Retirement System throughout your Michigan public school employment. If you cease to be employed by a Michigan public school, you are no longer an active member of this Retirement System.

When you cease to be a member, you may withdraw your **personal** contributions, plus accumulated interest, provided you are not eligible to begin receiving a pension. This refund includes all payments and accrued interest for any additional years of credit you purchased. There is no provision for a partial refund. For further details on requesting a refund, see *Refund of Contributions* on page 15.

**NOTE: A refund forfeits all accrued service that the refund represents. Any service performed during the noncontributory period cannot be forfeited.**

You may also leave your contributions on deposit. Interest will continue to accrue annually. Leaving your contributions on deposit ensures that all of the service credit you have earned or purchased will continue to remain in your account.

## Deferred retirement

If you are not eligible to receive an immediate pension but have at least 10 years of service credit when your participation ends, you are considered a vested deferred member. If you leave your contributions on deposit with the Retirement System, they will continue to earn interest annually. You can apply for a pension from this Retirement System when you meet the age requirement. (See *Qualifying for a Pension*, page 10.)

# Contributing To The Plan

The retirement plan is funded by contributions from public school employers and employees and by the investment earnings on these contributions. All contributions are a funding source for the pension and do not result in benefits in addition to the pension.

At the time of retirement, contributions are transferred to the pension reserve fund, from which monthly pensions are paid. Each year an actuary determines how much the public schools need to contribute to fund their portion of members' benefits. These contributions are not refundable to you or your employer.

## Your contributions

In addition to the contributions your employer pays, MIP participants contribute a percentage of their pre-tax salary to the Reserve for Member Investment Plan. These contributions, which enhance your overall pension benefits, are posted to each member's individual account and credited each July 1 with compound interest based on your MIP account balance as of the previous July 1. Statute sets how the interest rate is computed. (See page 24 for these rates.)

You receive an annual *Member's Statement of Account* showing your personal contributions and accrued interest. (See *Appendix B,* page 54.)

Your MIP contribution rate varies according to when you enrolled in MIP.

**If you:**

- elected the MIP before January 1, 1990; or
- were a Basic Plan participant who enrolled in the MIP by January 1, 1993;

you contribute 3.9 percent of your pre-tax salary.

**If you are:**

- a new member who began Michigan public school employment January 1, 1990 or later; or
- a returning member who did not work between January 1, 1987 and December 31, 1989;

you are an automatic MIP participant. Automatic participants make pre-tax contributions according to the following chart:

### Automatic MIP Payment Schedule

| Annual school fiscal year earned compensation | | Annual amount of MIP Contribution |
|---|---|---|
| $5,000 or less | ➜ | 3% of compensation, up to $150 |
| $5,000 to $15,000 | ➜ | $150 plus 3.6% of compensation between $5,000 and $15,000, up to $510 |
| Over $15,000 | ➜ | $510, plus 4.3% of your compensation over $15,000 |

## MIP and Other Pre-Tax Contributions

MIP contributions and payments from the Tax-Deferred Payments (TDP) program are tax-deferred; i.e., they are deducted from your pay **before** calculating taxes. Therefore, these payments help reduce the amount of local, state and federal income taxes you pay while working.

You will pay federal income tax on your pension when you receive it. By law, your Michigan Public School Employees Retirement System pension is exempt from state and local income tax in Michigan.

## OEC Contributions

If you participated in the Contributory Plan before 1977, ORS views your after-tax contributions as Other Employee Contributions (OEC) and deposits them into the Reserve for Employee Contributions and credits them as after-tax contributions in your individual account.

In addition to your pre-1977 contributions, your OEC includes: post-tax payments and pre-tax roll-over payments for purchases of additional years of credit; all TDP payments; repayment of refunds; MIP window buyback payments; and MIP contributions covering wages you earned during the MIP period if not reported to this Retirement System by your employing school.

Six percent (6%) interest is credited June 30 to your OEC balance as of the previous June 30. You receive an annual *Member's Statement of Account* showing your personal contributions, both OEC and pre-tax MIP, and accrued interest. (See *Appendix B*, page 54.) **NOTE: There is no statutory loan provision for these monies.**

# Planning For Your Retirement

ORS is the State agency that will process your retirement application and pay your pension. It will be your "partner in retirement" throughout your lifetime.

## Qualifying for a Pension

To retire with a regular pension, you must meet minimum age and service requirements. You may also qualify for early retirement with a permanently reduced pension or defer your retirement until you meet the age requirement.

## Regular retirement

You are entitled to a regular pension if you meet the following age and service requirements:

- Any age[5] with at least 30[6] years of service credit. At least 15 years of service credit must be ***earned through this Retirement System***.
- At least age 60 with at least 10 years of service credit.
- As a MIP member you are eligible to retire after five years of service if you are at least age 60; have at least five years of credited service; have at least 0.1 year of service credit in each of the five school fiscal years immediately before your retirement effective date; and terminated Michigan public school service immediately before your retirement effective date.

## Early retirement

If you leave Michigan public school employment before you meet the age requirement for regular retirement, the plan allows you to retire with a reduced pension under the following conditions:

- You worked through your 55th birthday.
- You have at least 15, but fewer than 30, years of service credit.[7]
- You earned at least 0.1 year of service credit in each of the five school fiscal years immediately before your retirement effective date.
- You terminated Michigan public school service immediately before your retirement effective date.

If you retire under the early retirement provision, there is a permanent reduction on the pension amount you would have received had you deferred your pension until age 60. The permanent reduction is one-half percent (0.005) for each month you retire before your 60th birthday.

| If you are age: | The reduction is: |
|---|---|
| 55 years, 0 months | 30.0% |
| 55 years, 1 month | 29.5% |
| 55 years, 2 months | 29.0% |
| 59 years, 11 months | 0.5% |

For example, assume you have 20 years of service credit and want to retire on your 57th birthday. Further, assume your final average compensation and years of service entitle you to a monthly pension of $1,000 for the rest of your life, payable at age 60. If you qualify and choose to retire under the early retirement provision, your pension is permanently reduced by one-half percent for each of the 36 months (three years) until your 60th birthday. That means your pension is permanently reduced by 18 percent, or $180 monthly. Your monthly pension will be $820 ($1,000 minus $180). The reduction recognizes you are beginning to receive your payments earlier and can expect to receive your pension over a longer period of time.

If you want to retire under this early retirement provision, check with ORS before you terminate employment to be sure you qualify.

[5] Basic Plan members must be at least age 55.
[6] MIP members with at least 30 years of service may begin their pension no earlier than age 46.
[7] At least 10.0 years must be service credit earned as a member of this Retirement System.

## Deferred retirement

If you retire early but decide to wait until you reach age 60 to begin receiving your pension, you will be a deferred retiree and will receive the unreduced amount.

You may defer your pension if:

- you leave Michigan public school employment,
- you leave your contributions on deposit with this Retirement System,
- you have at least 10 years of service credit, and
- you have not yet met the age requirement to immediately begin receiving an unreduced pension.

You can defer your pension until you reach the minimum age requirement. If you defer your pension and you have between 10 and 29.9 years of service credit, you are eligible to begin receiving your pension at age 60.[8] There is no advantage to deferring your pension past age 60. Delaying your application until age 62, 65, or older will not increase your monthly pension. By delaying, you may lose the payments you could have received, beginning at age 60. (You *will* receive up to 12 months of retroactive payments if you file after your retirement effective date.)

## Deferred or early retirement?

If you are at least age 55 when you leave public school employment, you could choose to receive a reduced pension immediately OR you could defer your full pension until age 60. You should compare both pension amounts to see which is best for you.

If you're considering leaving employment under these circumstances, calculate estimates under both situations. Or contact ORS and ask for these estimates. Also, see *Insurance Subsidy*, page 41, for pertinent information.

## When pension payments begin

Your retirement effective date is the first day of the calendar month following the date:

- you have satisfied the eligibility requirements;
- you have terminated employment with the Michigan public school system; and
- your retirement application forms have been on file with the Retirement System for at least 15 days.

If you complete your application forms and file them timely with ORS, your pension should begin within 1 to 3 months of your retirement effective date and will include any retroactive payments you are due.

**If you submit your retirement application *after* your retirement effective date, you can receive only a maximum of 12 months of retroactive payments.**

**NOTE:** Your retirement effective date is not affected by wages paid *after* your retirement effective date (or any MIP contributions and TDP deductions from those wages) when you earned those wages before your retirement effective date. For example, wages earned during the school year but paid through the summer would not affect a July 1 retirement effective date.

[8] If you defer your pension and you have 30 years or more of service credit, you are eligible to receive your pension at age 55 if you are a Basic Plan member, or as early as age 46 if you are a MIP member.

# When to Apply for Retirement

You should apply for retirement 3 to 6 months before your last day of public school employment. To get retirement application materials, you can write, FAX, e-mail, call, or visit any ORS office. To make your timely application possible, request application materials seven months before the date you plan to terminate employment. This will allow you adequate time to:

- Put the finishing touches on your financial plans. (To do so, estimate your pension benefits and explore the various payment options.)
- Get a current estimate of your Social Security benefits from the Social Security Administration (SSA) by completing and returning form 7004, which is available from the SSA. The benefits you receive from Social Security are separate from your Public School Retirement System pension. For more information about your Social Security benefits, contact the SSA or visit their web site at www.ssa.gov/retire.
- Explore payment options for your Individual Retirement Account (IRA), Tax Sheltered Annuity (TSA), deferred compensation and other investments with the representative or institution handling your savings.
- Compile questions you need answered or clarified by Retirement staff.
- Obtain documents you will need to complete your retirement, such as a birth certificate or other proof of age. (If a survivor option is elected, proof of age is also required for your beneficiary.) (See *Appendix E*, page 60, for items you can use instead of a birth certificate.)
- Repay a refund of retirement contributions if previously taken or purchase additional service credit. (Payments due to the Retirement System must be made before employment terminates.)
- Read through the medical, dental, and vision plan booklets to learn what benefits are available after you retire.
- Understand how an Eligible Domestic Relations Order (judgment of divorce), if one is on file with the Retirement System, will impact your pension.

**REMINDER: Please fill out all forms completely and accurately. If you submit incomplete or unsigned forms, your pension may be delayed.**

# Service Credit

You accumulate service credit for the hours you work for a participating public school. As a member of this system, you can also purchase credit. Your total service credit, which includes credit you earn and credit you purchase, is used to calculate your pension. The more years of service credit you have, the larger your pension will be. Make sure your service credit records are accurate.

## Earning service credit

Your service credit reflects the number of hours you have worked for a public school that reports to the Retirement System. Each participating school reports your hours and compensation to the Retirement System. As a member of this system, you receive credit for employment – either teaching or nonteaching; full-time or part-time; permanent, temporary, intermittent or substitute work.

You also receive credit for used vacation and sick leave, short-term disability payments which flow through your payroll system, and Weekly Worker's Compensation (WWC) you received after July 1, 1992. You do not earn service credit while you are receiving long-term disability payments.

You earn one year of service credit for working at least 170 days, at least six hours per day, within the July 1–June 30 school fiscal year. If you work less than 170 days or less than six hours per day, see the following chart, "*Partial Years of Service Credit*." You can earn no more than one year of service credit within any school fiscal year, even if you work for more than one Michigan public school at the same time. You can receive credit for no more than a maximum of 30 hours per week.

**Colleges and universities** – Full-time and part-time instructors at participating colleges and universities receive credit for both contact and noncontact hours. Members employed by colleges and universities whose normal school year is less than 170 days but more than 150 days receive full-time credit by working the number of days required for the school year.

**Partial years of service credit** – If you work less than 1,020 hours per year, you earn partial credit for that year. You receive one-tenth year of credit for working 17 days at six or more hours per day, or a total of 102 hours if you work less than six hours per day. The following chart shows examples of partial credit granted during a school fiscal year for a variety of work schedules.

| Days | Hours Per Day | Service Credit Earned |
|---|---|---|
| 17 | 6 | .1 |
| 34 | 6 | .2 |
| 68 | 6 | .4 |
| 85 | 6 | .5 |
| 119 | 6 | .7 |
| 51 | 4 | .2 |
| 102 | 4 | .4 |
| 153 | 4 | .6 |
| 204 | 4 | .8 |

If you wish to receive a verification of your service credit or do not agree with the years of service on record, call, mail, e-mail or FAX your request to ORS. Be sure to include your social security number and mailing address in your request. Your annual *Member's Statement of Account* will reflect your cumulative service credit.

## Additional service credit

If you qualify, you may buy credit to supplement your earned service credit. As a member of this system, you may buy credit at any time. However, purchased credit will not become part of your total service until you earn at least 10 years of service credit through this Retirement System, unless otherwise noted.[9] Buy-in credit does not apply to the minimum 10-year service credit requirement for a pension or the minimum five-year service credit requirement for a MIP member to receive a pension, unless specifically noted. For regular retirement with at least 30.0 years of service credit, ***at least 15 years of service credit must be earned through this Retirement System.***

When you apply to purchase credit, Retirement staff reviews your records, determines your eligibility, and sends you a *Member Billing Statement*. Although you request and receive a billing statement, you are not obligated to buy any or all of the credit. You can purchase most types of service credit in any incremental amount. The service credit descriptions on pages 17 - 22 indicate which allow purchases of partial years of service credit.

**To apply for and purchase credit, you must be employed in a participating Michigan public school and pay for additional credit BEFORE leaving Michigan public school employment.**

If you leave public school employment before fulfilling the minimum service requirement for a pension, you can request a refund of payment for any service credit you purchased.

**Credit purchased by employer:** If your employer pays for some or all of your service credit purchase and does not process this payment through the Tax-Deferred Payments (TDP) program, the Retirement System considers this payment a "member" contribution toward retirement. The Retirement System deposits all member payments into the Reserve for Employee Contributions and credits it toward your individual account as an after-tax contribution. You are responsible for any tax obligation that results from this payment.

## Tax-deferred purchases/ refund repayments

In May 1996, the Internal Revenue Service issued a private letter ruling allowing members of this Retirement System to purchase service credit and repay refunds using tax-deferred dollars.

The IRS attached three conditions to the tax-deferred purchase program.

1. **The tax-deferred purchase, once initiated, is irrevocable.** *Once you begin making a tax-deferred purchase, you cannot stop until you complete the purchase or terminate employment with that employer.*
2. **The employee must not have constructive receipt of tax-deferred funds used to purchase credit.** *Participants will make payments by payroll deduction.*
3. **The employer must pass a resolution agreeing to withhold tax-deferred payments via payroll deduction.**

The Tax-Deferred Payments (TDP) program was implemented as of July 1, 1998. Under this program, participating employers will, at the request of an employee who is a member of the Retirement System, be able to deduct tax-deferred amounts from the employee's pay for service credit purchases and the repayment of refunds. If you have questions about the TDP program, refer to the Frequently Asked Questions on the ORS web site or request a copy from your employer.

If you wish to participate in the TDP program, check to make sure your employer is participating in the program. If so, determine what type of service credit you would like to purchase and request a *Member Billing Statement* from ORS. Take the *Member Billing Statement* to your employer and jointly complete a TDP Agreement/ Payroll Authorization form. Your employer will handle the rest of the process.

[9] As a MIP member, if you retire at age 60 with 5.0 or more years of service, you may be eligible to purchase certain types of service credit and use them in your retirement calculation without accumulating 10 years of service through this Retirement System. Contact ORS for details. See page 10 for additional requirements to retire under the age 60 with 5 years provision.

# Leaving Public School Employment

If you leave Michigan public school employment before you are eligible to begin receiving a pension, your participation in this plan ends. If you are credited with at least 10 years of service and leave your contributions on deposit, you can apply for a deferred pension when you satisfy the age requirement.

You may leave your contributions on deposit even if you do not have 10 years of service credit, and the contributions will continue to accrue interest annually. If you leave your contributions on deposit with the Retirement System and resume your membership in the future, your previous service credit and contributions will count toward your retirement eligibility.

You can also take a refund of your personal contributions and interest, whether or not you have 10 years of service credit. The service you performed while making those contributions is canceled if you take a refund. ***Please review the Repayment of Refunds section of this booklet, found on page 24, or the Tax-deferred purchases/refund repayments on page 14.***

# Refund of contributions

You may withdraw your **personal** contributions, plus accumulated interest if you:

- are no longer employed by any Michigan public school;
- are not on a leave of absence; and
- have not satisfied the age and service requirements to immediately receive a pension.

Your refund also includes payment and accrued interest for any additional service credit you purchase.

***A refund of contributions cancels all service these contributions represent. Service performed during the noncontributory period is not forfeitable.***

To apply for a refund, submit a *Refund Application* (R311C) to ORS. Forms are available in your school payroll/personnel office or on the ORS web site, or you can write, e-mail, fax, or call ORS to have one sent.

## Lump sum refund or rollover

You can request your refund to come as a lump sum amount, or you can roll your contributions into another qualified tax-deferred savings plan.

Before requesting a rollover of funds, you should contact your plan administrator to ensure the funds meet IRS eligibility requirements.

**PLEASE NOTE:** The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) provides for many tax law changes, some that affect rollovers. This law took effect for years after December 31, 2001.

Visit our web site at www.michigan.gov/ors for updates about the EGTRRA legislation, rollover information, and how it affects you.

**If you choose** to have your pre-tax contributions refunded directly to you from the Retirement System as a lump sum refund, you will receive 80% of your refundable balance. ORS is required to withhold 20% of the refund and send it to the IRS as income tax withholding to be credited against your taxes. Your pre-tax refund will be taxed in the current year unless you roll it over. You may be able to use special tax rules that could reduce the tax you owe. However, if you receive the refund before age 59 1/2, you may also have to pay an additional 10% tax as penalty for early withdrawal.

# Enhancing the Value of Your Pension

As part of your financial planning, you may wish to consider ways of increasing the amount of your monthly pension at retirement. You can take advantage of several options that include granting or purchasing additional service credit and the repayment of previous refunds of contributions. It is to your advantage to purchase additional service credit or repay your refunds as early as possible in your career, since the cost will be lower.

## Service Credit Purchases

To apply for and purchase additional credit, you must be employed in a participating public school. You must pay for additional credit **before** you leave Michigan public school employment. If you qualify, you can purchase and/or receive additional service credit for any of the following reasons:

| Type of Credit | Cost | Limit |
|---|---|---|
| Universal buy-in | Actuarial cost[10] *(See Variable Percentage Buy-In Table on page 23.)* | 5 years, reduced by purchases of credit types eliminated from law as of 1/31/91 (See page 17.) |
| Maternity/paternity/child rearing time | Actuarial cost[10] *(See Variable Percentage Buy-In Table on page 23.)* | 5 years |
| Out-of-system public educational employment | Pre-1974: contributions + interest[11]<br>Post-1974: 5% of highest previous year's salary[10] | 15 years on a matching basis |
| Active duty military service *(National Guard & Reserves – Active Duty for Training: Intervening only* – See page 19.*)* | Intervening: no charge<br>Nonintervening: 5% of highest previous year's salary[10] | 6 years<br>5 years (Combination cannot exceed 6 years) |
| Nonpublic educational employment | Actuarial cost[10] *(See Variable Percentage Buy-In Table on page 23.)* | 5 years |
| Sabbatical leave | Pre-1981: usually no charge<br>Post-1981: 5% of highest previous year's salary[10] | No limit |
| State of Michigan Civil Service – Defined Benefit Plan | Pre-1974: contributions + interest[11]<br>Post-1987: MIP costs + interest[11] | No limit |
| State of Michigan Civil Service – Defined Contribution Plan | Actuarial cost[10] *(See Variable Percentage Buy-In Table on page 23.)* | No limit |
| Weekly Worker's Compensation *(Pre-July 1, 1992 WWC can be purchased.)* | Pre-7/1/77: contributions + interest[11]<br>7/1/77-12/31/86: usually no charge<br>Post-1987: MIP costs + interest[11] | No limit |

To purchase universal buy-in (UBI) credit, call, FAX, e-mail or write to ORS for a universal buy-in billing statement. Be sure to include your Social Security number and your current address in your request. To purchase most other types of service credit, you must submit a completed application. An application is also necessary if your employer buys credit on your behalf (other than for UBI credit). Some service credit purchase applications are available on the ORS web site, or contact your school's payroll/personnel office. You can also request an application by contacting ORS by telephone, FAX, e-mail, or regular mail.

[10]The billing cycle runs from July 1 through June 30 each year. Unpaid Billing Statements are subject to recalculation each July 1.

[11]These unpaid Billing Statements are subject to recalculation twice a year – January 1 and July 1.

## Universal buy-in

Universal buy-in credit is available to allow Retirement System members to purchase credit towards retirement without linking the purchase to work performed outside the System.

While an active member, you may buy universal buy-in service credit at any time. You cannot use the service in your pension calculation until you earn 10 years of service credit through this Retirement System. Universal buy-in service credit does not apply to the minimum of 10 years of service credit necessary to qualify for a pension. (See *Qualifying for a Pension*, page 10.)

Your cost will be a percentage of your highest previous school fiscal year's earnings times the number of years of universal buy-in credit you purchase. If you are a part-time employee, your earnings will be equated to full time. See the *Variable Percentage Buy-In Table* on page 23 to find the applicable percentage. To receive a billing statement to purchase universal buy-in credit, call, FAX, e-mail or submit a written request along with your current address and your Social Security number.

You may purchase up to five years of universal buy-in credit in any incremental amount. If you bought any of the following repealed buy-ins, your purchased credit for these plus universal buy-in cannot exceed five years: • juvenile training school employment • community mental health employment • elementary or secondary teacher at a U.S. Armed Forces military base • teacher or administrator of American nationals in overseas public elementary or secondary schools • **public or nonpublic student employment** • foreign country school service for U.S. personnel or dependents of the U.S. military or U.S. Department of State • teacher with the Job Corps • teacher in a trust/former trust territory • teacher on an Indian Reservation • teacher in a foreign country teaching non-U.S. citizens • teacher with the Merchant Marines • county mental health program employment • employment with a day care/day training program for handicappers • service with the American Red Cross • **Michigan National Guard credit • U.S. Armed Forces Reserve credit** • service in the VISTA program • service in the Peace Corps • alternative service to active duty military • and recreation department service jointly funded by a Reporting Unit and a municipality.

## Maternity, paternity or child rearing time

You may purchase up to five years of service credit in any incremental amount **for purposes of maternity, paternity or child rearing,** if you:

- separated from Michigan public school employment or out-of-system public educational service; or
- reduced the number of hours you work in a Michigan Public School or out-of-system public educational institution.

Send a copy of your child's birth certificate or final adoption papers with your completed *Application to Purchase Maternity/Paternity or Childrearing Credit* (R8C). **Note: Your employer, prior to your leave of absence, must certify the date you separated or reduced hours.**

Write, e-mail, fax, or call ORS to obtain an application.

While an active member, you may purchase maternity, paternity or child rearing credit any time. You must complete 10 years of service under this Retirement System before your purchase is recognized as creditable service. This credit does not apply to the minimum of 10 years of service credit necessary to qualify for a pension. (See *Qualifying for a Pension*, page 10.)

Your cost will be a percentage of your highest previous school fiscal year's earnings times the number of years of maternity, paternity or child rearing credit you purchase. If you are a part-time employee, your earnings will be equated to full time. See the *Variable Percentage Buy-In Table* on page 23 to find the applicable percentage.

## Out-of-system public educational service

You may buy up to 15 years of service credit for work you performed in public schools outside of this Retirement System, anywhere in the United States or its territorial possessions. This includes K-12 schools, community colleges, or colleges and universities.

While a member of this Retirement System, you may buy out-of-system public educational service credit at any time. You must complete 10 years of service through this Retirement System before your purchase will be recognized as creditable service. **Your out-of-system service must be followed by a minimum of five years of service credit earned through this Retirement System.** Out-of-system public educational service credit does not apply to the minimum of 10 years of service credit necessary to qualify for a pension. (See *Qualifying for a Pension*, page 10.)

Your out-of-system public educational service cannot exceed your credit earned through this Retirement System. If you have 10 years of service credit at retirement through this Retirement System, you can only purchase 10 years of out-of-system public educational service credit. In addition, this service is not creditable if you are, or will be, receiving a pension or annuity for this service from another retirement system.

**Service performed before July 1, 1974:** For out-of-system public educational service you performed before July 1, 1974, the cost is based on your actual salary earned while performing the service and this System's contribution schedule in effect for those years, plus compound interest based on specific rates for designated periods of time, as shown in the following interest rate table:

| | |
|---|---|
| Before July 1, 1968 | 3.0% plus |
| July 1, 1968 - June 30, 1974 | 4.5% plus |
| July 1, 1974 - June 30, 1983 | 6.0% plus |
| July 1, 1983 and forward | 8.0% |

For example, if you performed service before July 1, 1968, the contributions you would have paid at that time would be assessed interest at 3.0% of that amount for the period until July 1, 1968, *plus* 4.5% of the amount for the period between July 1, 1968, and June 30, 1974, *plus* 6.0% of the amount for the period between July 1, 1974, and June 30, 1983, *plus* 8.0% of the amount from July 1, 1983, forward. You must purchase credit for the entire amount billed; partial credit is not allowed.

**Service performed after June 30, 1974:** For out-of-system public educational service you performed after June 30, 1974, the cost will be 5% of your highest previous school fiscal year's earnings while employed under this System, times the number of years of out-of-system public educational credit you purchase. If you are a part-time employee, your earnings will be equated to full time. You may buy credit in any incremental amount.

To apply for this credit, you must complete and submit an *Application to Purchase Out of System Public Educational and Nonpublic Educational Service* (R149C). Write, e-mail, fax, or call ORS or visit the ORS web site for an application.

## Active duty military service

You can receive credit, under certain circumstances, for time spent in military service. The amount of credit and the cost to you depends on whether your military service intervened your Michigan public school service; when you served; state law; the federal law in effect at that time; and how long you served.

**Intervening:** You may receive up to six years of service credit at no cost if you leave Michigan public school service, directly enter active duty in the US Army, Navy, Marine Corps, Air Force or Coast Guard – including reserve components – and return to employment in a Michigan public school within 24 months of discharge.

**If you return to work from intervening military service December 21, 1994 or later,** the Uniformed Services Employment and Reemployment Rights Act (USERRA) of 1994, a federal law, applies to you. USERRA expands the definition of **intervening active duty** to include active duty for training, initial active duty for training, inactive duty for training, full-time National Guard duty, and absence from work for a military fitness examination if you return to work December 21, 1994, or later. You can receive credit at no cost for military duty that meets this definition. There may be a cost to you to receive credit for active duty for training *before* December 21, 1994.

If you returned to work from intervening active or inactive duty for training *before* December 21, 1994, you may be eligible for retirement credit under the Veterans Reemployment Rights Act (VRRA) of 1974, the federal law in effect before the Uniformed Service Employment and Reemployment Rights Act of 1994. To determine if your intervening active or inactive duty for training qualifies, send ORS a completed *Application for Military Credit* (R81C) and a photocopy of the military papers ordering you to report to active or inactive duty for training. The papers should indicate your period of duty and the authorization codes under which you were ordered to duty. Whether you or your employing school district pays the cost depends on when you performed this service.

**Note:** The majority of Michigan National Guard credit and U.S. Forces Reserve credit were repealed by the Universal Buy-In provision. (See page 17.) Active Duty Training for initial basic training, weekend duty, and summer camps time can not be purchased or credited unless they interrupt your Michigan public school employment, i.e., intervening service credit.

**You may use** eligible intervening military credit to satisfy the 10 years of service credit you need to qualify for a pension. However, it does not apply to the 10 years you need to be eligible to receive credit for other types of service credit purchases.

**Nonintervening:** If your active duty U.S. military service did not interrupt your service under this Retirement System, you can purchase up to five years of credit in any incremental amount. Only nonintervening active duty in the U.S. Army, Navy, Marine Corps, Air Force and Coast Guard – including active duty in the reserve components – is purchasable. You can purchase the same amount of credit you would have earned during your military service had you been working for a Michigan public school. Your cost will be 5% of your highest previous school fiscal year's earnings times the number of years of military credit you purchase. Part-time earnings will be equated to full time.

As a member of this Retirement System, you may purchase your nonintervening active duty military service any time. You must complete 10 years of service under this Retirement System before the purchase will be recognized as creditable service. (*MIP members retiring under the 60/5 provision are not eligible to purchase nonintervening active duty military service.)* Nonintervening active duty military service credit does not apply to the minimum of 10 years of service credit necessary to qualify for a pension.

**If you have both intervening and nonintervening** active military service, this System will recognize a **combined maximum** of six years of service credit. For example, if you served four years in the military before joining this Retirement System, then served three years of intervening military service, you receive the intervening service at no cost. You may purchase up to three years of nonintervening service, for a total of six years.

**You cannot** receive or buy military service credit if you receive credit for the same service under another publicly supported retirement system. *This restriction does not apply if you are or will be eligible for federal retirement for service in the Reserve or are receiving an age and service pension with disability benefits from the armed forces.*

To apply for military service credit, you will need to provide ORS with a photocopy of your military papers showing entry and separation dates. For information about your military records, go to the National Personnel Records Center (NPRC) website at www.nara.gov/regional/stlouis.html or write to NPRC directly at:

**Military Personnel Records**
**9700 Page Avenue**
**St. Louis, MO 63132-5100**

Submit your military records with your application to purchase military service and ORS will evaluate your eligibility. For an application, write, e-mail, fax, or call ORS.

# Nonpublic educational employment

You may purchase up to five years of service credit in any incremental amount for nonpublic educational service performed anywhere in the United States or its territorial possessions. Credit is available for work you performed in a qualified nonpublic elementary or secondary school. To qualify, the nonpublic school must offer a course of academic study primarily oriented toward awarding high school diplomas.

As a member of this Retirement System, you may also purchase credit for service you performed in a nonpublic two- or four-year college or university that offers an academic course primarily oriented toward associate, baccalaureate, master's, doctoral, or other academic degrees.

You may purchase nonpublic educational service at any time, but you must complete 10 years of service under this Retirement System before the purchase will be recognized as creditable service. Your **nonpublic educational service must be followed by at least five years of service credit earned through this Retirement System.** Nonpublic educational service does not apply to the minimum 10 years service credit needed to qualify for a pension. (See *Qualifying for a Pension*, page 10.)

Your cost will be a percentage of your highest previous school fiscal year's earnings times the number of years of nonpublic educational service credit you purchase. If you are a part-time employee, your earnings will be equated to full-time. See the *Variable Percentage Buy-In Table*, page 23, to find the applicable percentage.

To apply for this credit, you must complete and submit an *Application to Purchase Out of System Public Educational and Nonpublic Educational Service* (R149C). Visit the ORS web site or write, e-mail, fax, or call ORS for an application.

# Sabbatical leave

As a member of this Retirement System, if you take an authorized sabbatical leave of absence, you may receive service credit for the leave if you meet certain requirements.

*Eligibility requirements*

For a sabbatical leave granted before October 30, 1980, you receive earned credit for the leave at no cost if you satisfy the following requirements:

- You were employed by the board granting the leave for at least seven consecutive years immediately before the sabbatical.
- You held a permanent or life certificate, or you were teaching in a college maintained by the board granting the leave.
- The leave was granted for professional improvement.
- The leave did not exceed two semesters.

For a sabbatical leave granted before October 30, 1980, that does not satisfy the above requirements, or for all sabbatical leaves granted on or after October 30, 1980, you may purchase credit if:

- You accrued with the employer granting the leave at least five years of service credit, with at least one-tenth (0.1) year of credit in each of the school fiscal years immediately before the leave (0.1 year is earned by working 17 days at six or more hours a day, or if you work less than six hours a day, a total of 102 hours); and
- You had no break in service and no leave of absence while accruing the five years of service credit before the leave; and
- You returned to the employer granting the leave and accrued one year of service credit following the leave.

You must **send a photocopy of the Board minutes granting your leave** with your completed *Application to Purchase Sabbatical Leave Credit* (R148C). Visit the ORS web site or write, e-mail, fax, or call ORS for an application.

You may use sabbatical leave credit to satisfy the 10-year minimum service credit for a pension. However, it does not apply to the 10 years you need to be eligible to purchase and receive credit for other types of service credit.

**There is no provision in the statute for retirement credit for a professional improvement leave of absence.** However, credit for your leave will be reconsidered if your employer's Board of Control takes action that is reflected in their Board minutes stating your leave was intended as sabbatical leave and did, in fact, meet the governing School Board policy on sabbatical leaves. You must send a copy of the amended Board minutes to ORS.

***Sabbatical Leave Credit Cost***

**For a sabbatical leave granted before July 1, 1981,** the cost is 5% of your compensation for the school fiscal year just before the school fiscal year your sabbatical leave was granted, plus interest. **Your employer pays the cost** if the leave was granted during the noncontributory period (after July 1, 1977). **You pay the cost** if the leave was granted during the contributory period (before July 1, 1977).

**For a sabbatical leave granted July 1, 1981, and later,** your cost will be 5% of your highest previous school fiscal year's earnings times the credit you purchase. If you are a part-time employee, your earnings will be equated to full time.

## State of Michigan service

If you are a member of this Retirement System who previously worked for the State of Michigan, you may receive credit for **all years** of service under the State Employees Retirement System (SERS), whether you were part of the Defined Benefit or Defined Contribution Plan.

**Defined Benefit Members:** There is no cost for credit for State of Michigan service credit earned from July 1, 1974, through December 31, 1986. For service performed on or after January 1, 1987, MIP members pay 1.5% of State of Michigan wages received after that date, plus 8% interest.[12] For pre-July 1, 1974, service for all members of this Retirement System, the charge is based on the actual salary you earned while performing State of Michigan service and the system's contribution schedule in effect for those years, plus compound interest based on specific rates for designated time periods, as shown in the following interest rate table:

| | |
|---|---|
| Before July 1, 1968 | 3.0% of salary |
| July 1, 1968 - June 30, 1974 | plus 4.5% |
| July 1, 1974 - June 30, 1983 | plus 6.0% |
| July 1, 1983 forward | plus 8.0% |

**Defined Contribution Participants:** To receive credit for your State of Michigan service, you must pay an amount equal to a percentage of your highest previous fiscal year's earnings (from public schools, State of Michigan and/or combined), times the number of years eligible to purchase. If you were a part-time employee, your earnings will be equated to full time. See the *Variable Percentage Buy-In Table* on page 23 to find the applicable percentage.

This Retirement System recognizes credited State of Michigan service as earned service under this Retirement System. State of Michigan service is not recognized until the cost for all service is paid in full. To apply for credit, check the ORS web site or write, e-mail, fax, or call ORS for an *Application for State of Michigan Service* (R317C).

## Weekly Worker's Compensation

Members of this Retirement System are eligible to receive service credit for the time they receive Weekly Worker's Compensation (WWC). Michigan public schools began reporting WWC payments to the Retirement System effective July 1, 1992.

Contact your payroll office to verify your post-July 1, 1992, WWC was reported to the Retirement System so you can receive the corresponding service credit.

For WWC received before July 1, 1992, members can apply for credit retroactively. Submit an *Application for Credit for Weekly Worker's Compensation* (R285C). Go to the ORS web site or write, e-mail, fax, or call ORS for an application. Service credit is granted when you pay the associated costs, if any, for the hours you would have worked if you hadn't been receiving WWC.

Whether there is a cost for this credit depends on when you received WWC. If you received WWC during the contributory period (before July 1, 1977), you pay the retirement contributions, plus compound interest. If you are a MIP member, MIP contributions, plus compound interest, will be due on WWC payments you received after January 1, 1987.

[12] No charge for Basic Plan members because there are no additional MIP benefits to fund.

## Comprehensive Employment and Training Act (CETA) employment

Developed in 1973, CETA is a federally funded program designed to help increase employment opportunities by offering job experience in public service programs.

CETA service performed in a Michigan public school, as a CETA enrollee, is creditable under this Retirement System if you became employed as a regular public school employee within 12 months of leaving CETA. Generally, service credit is already granted for CETA service performed before May 3, 1976, and after October 1, 1978. If you performed CETA service in a public school under this Retirement System and you are not sure whether you received credit, contact ORS.

## Other governmental unit service *(Reciprocal Retirement Act 88 of 1961, as amended)*

Service you performed for a governmental agency does not qualify for buy-in credit. However, under certain conditions, you may combine Michigan governmental unit service with service through this Retirement System to qualify for a pension.

You must have retirement contributions on deposit with that unit's retirement plan that you and/or your employer made for service performed for that governmental unit. In addition, you must have at least 3.5 years of service credit under this Retirement System. You must not have more than a 15-year break-in-service between your governmental unit service and your Michigan public school service.

If your governmental unit service meets these requirements and that service combined with your service under this Retirement System qualifies you for a pension you would not receive otherwise, you should notify ORS. You can use governmental unit employment to qualify for a pension, but not to calculate your pension amount. If you apply for benefits based in part upon such employment, you must provide a letter from the governmental employer verifying your dates of employment, hours per day, and stating that *you have retirement contributions on deposit* from a contributory plan or *your service remains in force* from a noncontributory plan.

If you took a refund of the contributions representing your other governmental unit service, you may wish to contact your previous employer concerning repayment. According to the Reciprocal Retirement Act, you may be eligible to make repayment. If so, your previous employer and/or ORS can tell you how it would affect your situation.

## Cost of service credit

For **universal buy-in** credit; **maternity, paternity or child rearing time;** and **nonpublic educational service,** your cost for each year purchased will be a percentage of your highest previous Michigan public school fiscal year's earnings times the number of years of buy-in credit you purchase.[13] If you are a part-time employee, your earnings will be equated to full time.

The table on page 23 shows the percentage rates. These rates are based on your age as of July 1 of the school fiscal year when you purchase buy-in credit. The cost shown on the billing statement you receive is valid until the next June 30. As of July 1 each year, the cost to purchase this credit generally increases, reflecting your current age and wages, unless you have a TDP agreement in force. The payment is considered to be sufficient to fund the additional benefits provided by the buy-in credit.

The amount used to figure your cost cannot exceed your final average compensation (FAC), determined when you retire. If your FAC is less, your cost will be based on your FAC. You are entitled to a refund of the difference.

The charge is lower at younger ages, when payment results in a longer investment period to fulfill the funding requirement. Likewise, the higher charge at an older age is due to a shorter investment period to fulfill the requirement.

[13] If you have no previous year's wages to use in the calculation, your billing will be based on your estimated current year's wages. If your actual wages differ from the estimated wages, an adjustment to the amount due may be made at a future time.

## Variable Percentage Buy-In Table

Effective July 1, 1999. Applies to MIP members. Basic members see note below.

| Age at Purchase | Percentage Rate | Age at Purchase | Percentage Rate | Age at Purchase | Percentage Rate |
|---|---|---|---|---|---|
| Up to 25 | 9.0% | 37 | 12.1% | 49 | 15.7% |
| 26 | 9.2% | 38 | 12.4% | 50 | 16.0% |
| 27 | 9.4% | 39 | 12.7% | 51 | 16.2% |
| 28 | 9.6% | 40 | 13.0% | 52 | 16.4% |
| 29 | 9.8% | 41 | 13.3% | 53 | 16.6% |
| 30 | 10.0% | 42 | 13.6% | 54 | 16.8% |
| 31 | 10.3% | 43 | 13.9% | 55 | 17.0% |
| 32 | 10.6% | 44 | 14.2% | 56 | 17.1% |
| 33 | 10.9% | 45 | 14.5% | 57 | 17.2% |
| 34 | 11.2% | 46 | 14.8% | 58 | 17.3% |
| 35 | 11.5% | 47 | 15.1% | 59 | 17.4% |
| 36 | 11.8% | 48 | 15.4% | 60 and older | 17.5% |

**Note:** The Basic Plan member's percentage rate is four points lower. These rates are subject to change. A six-month period between notification to Michigan public school employees and a change in the percentage rates is required. *The billing cycle runs from July 1 through June 30 each year. Each July 1, the purchase cost increases, reflecting your current age and wages, except with TDP.*

# Rollover of tax-deferred money

If you have tax-deferred money from an eligible savings plan, ORS can accept a rollover of funds to purchase additional service credit or repay a refund. Pre-taxed monies from the following qualified plans are accepted: Sections 401(a), 401(k), 403(b), 457, as well as a conduit IRA from any of these sources. A traditional IRA is **not** eligible for rollover distribution.

You need to complete a *Qualified Rollover Certification* (R158C) and meet the following conditions for a rollover:

1. You must have a current Member Billing Statement with a valid due date. If the rollover *payment* is not received prior to the due date shown on the statement, the cost of the purchase must be recalculated and another Member Billing Statement issued. (Be sure to allow sufficient time for your rollover institution to process your request and remit the payment to ORS prior to the billing statement due date—ordinarily 4-6 weeks minimum).
2. The rollover payment must be received prior to termination of your employment.
3. ORS will accept a rollover distribution only to purchase service credit. ORS will not accept an amount greater than the amount due on the Member Billing Statement(s). (Note: Some rollover institutions require that accounts be liquidated in these situations. If this is the case, advise the company to send one check to ORS for the exact amount of the purchase. You can have the rollover institution send any excess to an investment company of your choice or directly to you; however, you will be responsible for any taxes and penalties.)

Visit our web site at www.michigan.gov/ors for a copy of the form and additional information about rollovers.

# Repayment of Refunds

If you take a refund of your contributions when you leave Michigan public school employment, you cancel the corresponding service credit. If you return to work for a Michigan public school that participates in this Retirement System, you can reinstate your canceled service credit by repaying the refund. (See page 14 for details on repaying refunds with tax-deferred dollars if you qualify.)

You must meet the following requirements to repay your refund:

- If five years (60 months) or less elapsed between the time you left and the time you returned to Michigan public school work, you must earn at least one year of service credit after your return before you can repay the refunded amount, plus interest charges.
- If you left public school employment for more than five years (60 months), you must earn two years of service credit after your return before you are eligible to repay the refunded amount, plus interest charges.
- You must be employed in a Michigan public school to repay your refund.
- You must complete repayment **before** you leave Michigan public school employment.
- Your refund must be repaid in full to reinstate the credit.

**Interest:** When you repay a refund, you also pay interest charges from the date of the refund to the date of payment in full.

**Service before July 1, 1977:** If you performed the service represented by the refund before July 1, 1977, simple interest is charged on the amount withdrawn. (Simple interest is interest at one or more annual rates determined by the Michigan Public School Employees Retirement System Board.) The interest is cumulative, based on a set rate for a specific period of time, as shown in the following interest rate table:

| | |
|---|---|
| **Before July 1, 1968** | **3.0% plus** |
| **July 1, 1968 - June 30, 1974** | **4.5% plus** |
| **July 1, 1974 - June 30, 1983** | **6.0% plus** |
| **July 1, 1983 and forward** | **8.0%** |

For example, if you performed the service represented by the refund before July 1, 1968, your repayment includes 3.0% of the amount withdrawn for the period until July 1, 1968, *plus* 4.5% of the amount withdrawn for the period between July 1, 1968, and June 30, 1974, *plus* 6.0% of the amount withdrawn for the period between July 1, 1974, and June 30, 1983, *plus* 8.0% of the amount withdrawn from July 1, 1983, forward.

**MIP Service (after January 1, 1987):** If you performed the service the refund represented under MIP (after January 1, 1987), you must repay the compound interest your account would have earned had the refund not occurred. (Interest is compounded annually on July 1 on the contributions on account as of the previous July 1 and computed at the rate of investment return specified in the law.) The following interest rates are posted through July 1, 2002:

| | |
|---|---|
| **July 1, 1988** | **16.3%** |
| **July 1, 1989** | **8.2%** |
| **July 1, 1990** | **10.2%** |
| **July 1, 1991** | **8.5%** |
| **July 1, 1992** | **7.4%** |
| **July 1, 1993** | **6.3%** |
| **July 1, 1994** | **7.5%** |
| **July 1, 1995** | **6.9%** |
| **July 1, 1996** | **8.14%** |
| **July 1, 1997** | **10.62%** |
| **July 1, 1998** | **12.03%** |
| **July 1, 1999** | **7.98%** |
| **July 1, 2000** | **9.56%** |
| **July 1, 2001** | **10.67%** |
| **July 1, 2002** | **6.35%** |

# Explore Early-Out Offers Thoroughly

In recent years, many employers have offered monetary incentives for employees to retire early. Frequently these programs are offered without much notice and only during a limited sign-up period. You may suddenly be faced with making a monumental decision with little time to explore all of its implications.

**If your employer offers you an early retirement program, you need to investigate carefully and assure yourself that it is right for you** – right financially, career-wise and for your family – and not just right for your employer.

You need to weigh carefully the pros and cons of accepting such an opportunity. Your previous financial and retirement planning probably did not take this situation into account. Retiring several years sooner than you had anticipated places a greater burden on the adequacy of your financial planning. While the offer may be tempting, it may not be in your long-term best interest.

## Early retirement and its effect on Social Security

If you plan to retire from public school employment before your Social Security payments begin, you should factor that into your financial planning. Your Social Security benefits may be lower than if you work up to the age you are eligible to receive benefits. To compensate for this decrease, you may have to rely on your personal savings and investments sooner.

Your Social Security benefit is based on your average lifetime earnings over a certain period of years. It represents a percentage of your highest average annual indexed earnings over your working lifetime. If you were born in 1929 or later, the highest 35 years of indexed earnings after 1950 are generally used. Benefit amounts are lower if you earned less than the maximum amount of taxable earnings over time and worked fewer than 35 years.

If you retire in your late 40s or 50s, you will receive lower benefits than if you work to age 62. This is because you will not be paying Social Security taxes on progressively higher amounts of earnings over a longer period of time.

The benefits you receive from Social Security are separate from your Public School Retirement System pension. ORS is not involved in calculating the actual amount you eventually receive from Social Security. The Social Security Administration (SSA) determines the amount of your actual Social Security benefit and when those benefit payments actually begin. For more information about your Social Security benefits, visit the SSA web site at www.ssa.gov/retire.

**It is possible you may lose coverage for Social Security disability benefits** if you stop working at a younger age. An employee who becomes disabled after age 30 usually needs work credits (called "quarters of coverage") for one half of the 10-year period ending when his or her disability begins. An employee who becomes disabled more than five years after his or her last employment may not be covered for disability benefits.

ORS recommends you contact the Social Security Administration for complete information on your situation before you finalize your retirement plans.

## Irrevocable nature of retirement

Once you retire, **your option choice, survivor pension beneficiary, and retirement effective date are irrevocable and cannot be changed.** Even if you return to public school employment in Michigan, you cannot become a member of this Retirement System. Your earnings will be reported to the Retirement System as retiree earnings. If your plans include a return to work, you should refer to page 43 of this booklet to determine how post-retirement employment could affect your pension.

# Pre-Retirement Pension Payouts

## Disability Pensions

If you become totally and permanently disabled while a member of this Retirement System, you may qualify for a disability pension – either a nonduty or a duty disability.

Disability issues are complicated. Rather than trying to handle confusing disability decisions alone, we recommend you contact ORS for assistance and advice as soon as a disability retirement may be necessary.

ORS requires an annual disability certification indicating you are still disabled with the same condition that made you eligible originally for a pension. This annual certification continues until the calendar year in which you turn 60.

### Nonduty disability pension

A nonduty disability pension is appropriate when your disabling illness or injury does not result from your public school employment.

Your nonduty disability protection begins when you attain 10 years of service credit under this Retirement System. No minimum age requirement applies.

You are eligible to receive a nonduty disability pension if for any reason:

- you become totally and permanently unable to perform the duties of the current position, or a similar position within the school for which you are trained or experienced
- you do not meet the age and service requirements for a regular pension
- you have 10 or more years of service credit
- your physician and an independent medical examiner certify you are totally and permanently disabled for the duties required of your position, or a similar one for which you are qualified, and
- the Retirement System Board approves the disability pension.

Your disability pension is calculated exactly like a regular retirement pension.

### Application time limit

**For nonduty disability, you must submit a completed *Application for Disability Retirement* (R83X) for a disability pension no later than 12 months from the date you terminate employment.** If extenuating circumstances prevent you from applying for a nonduty disability pension and you present satisfactory evidence of the extenuating circumstances to the Retirement System Board, the application period may be extended to a total of 36 months following termination of your employment. Call ORS for an application.

### Duty disability pension

You have duty disability protection from your first day of employment in a participating Michigan public school. If you are disabled by a work-related illness or injury for which you are receiving Weekly Worker's Compensation, you can apply for a duty disability pension.

**You must submit a completed *Application for Disability Retirement* (R83X) for a duty disability pension no later than 12 months after you terminate public school employment.** Call ORS to request an application.

You are eligible for a duty disability pension if:

- you become totally and permanently unable to perform any gainful employment because of an injury or illness that occurred as a result of your employment in a Michigan public school
- you are receiving Weekly Worker's Compensation as a result of this disability
- you do not meet the age and service requirements for a regular pension
- your physician and an independent medical examiner certify you are totally and permanently disabled
- the Michigan Public School Employees Retirement System Board approves your duty disability pension.

No minimum age or service requirement applies to a duty disability. A duty disability pension is calculated exactly like a regular retirement pension, using your actual years of service credit. If you have less than 10 years of service credit, a minimum of 10 years is used to calculate your pension.

# Pre-retirement Survivor Pension

If you die before you retire, your spouse or another beneficiary may receive a survivor pension if you met certain qualifications. Besides your spouse, or minor child, if you have no spouse, other eligible beneficiaries include a brother, sister, child over age 18 (including adopted child) or parent, **as long as he or she is dependent on you for support**.

If you are married, your spouse is automatically your beneficiary. If your designated primary beneficiary is not your spouse, your spouse must sign your *Beneficiary Nomination* form (R315C) declining the automatic survivor benefit.

1980 P.A. 300, as amended, does not permit you to name a trust, living will, estate, organization or company as a beneficiary for a monthly survivor benefit. You can nominate an *eligible* beneficiary *in care of* a trust to indicate where the proceeds of your pension would be sent or deposited.

For example, a widowed member, Todd Wilson, could designate his minor daughter as primary beneficiary, in care of a trust set up for her, by specifying: "Mary Ann Wilson c/o the Mary Ann Wilson Trust." If Todd dies before retirement and Mary Ann is no longer eligible for a survivor pension, she would receive a refund of any member contributions.

## Nonduty survivor pension

Your spouse or other eligible beneficiary may receive a monthly survivor pension if you die while still working and you met the following plan requirements:

- 10 or more years of service credit if under age 60;[14] or
- five or more years of service credit if at least age 60.[14]

Your spouse is automatically your beneficiary to receive a survivor pension. If you do not have a surviving spouse, your children under age 18 are automatically your beneficiaries to receive the pension until they reach age 18.

If you are not married or if your spouse signs your *Beneficiary Nomination* form (R315C) declining the automatic spousal benefit, you may designate another primary beneficiary to receive a monthly survivor pension. ***Other eligible beneficiaries MUST depend on you for at least 50% of their personal support and could be a child over age 18 (including an adopted child), brother, sister or parent.*** You must designate that person as your primary beneficiary on your *Beneficiary Nomination* form, **which must be on file with the Retirement System at the time of your death.**

If you die while still employed, the monthly survivor pension is effective the month following your death. The amount is calculated as if you had retired the day before you died and selected the 100% Survivor Pension (refer to page 47). Health, dental and vision insurance coverage is also available to beneficiaries who are receiving a survivor pension.

If you die while your retirement is in deferred status (i.e., you left public school employment before meeting the age requirement for a pension), your eligible beneficiary may receive a monthly survivor pension if you:

- have 10 or more years of service credit[15]
- filed a *Beneficiary Nomination* form (R315C) with ORS before you left employment.

The deferred monthly survivor pension becomes payable beginning the month you would have otherwise become eligible to receive a pension; it is paid as if you had chosen the 100% Survivor Pension.

[14] Basic Plan members must have at least 15 years of credited service if they are under age 60 or 10 years of credited service if they are at least age 60 for their survivors to be eligible for a survivor pension.

[15] Basic Plan members must have 15 years of credited service.

## Duty survivor pension

From your first day of Michigan public school employment, your eligible beneficiary is protected in case you die from a work-related illness or injury.

If you die from an injury or illness resulting from, or in the course of, your public school employment, your eligible beneficiary is entitled to a survivor pension, regardless of your age or service credit. To qualify, you or your beneficiary must receive a Weekly Worker's Compensation benefit as a result of your injury or illness.

The duty death pension is figured as if you had chosen the 100% Survivor Pension, using a minimum of 10 years of service credit, even though you may not have accrued that much credit. If you have more than 10 years of service credit, the benefit calculation uses your actual service credit.

## Your beneficiary

Your primary beneficiary is the person you name to receive survivor benefits when you die.

If you die from a work-related illness or injury with no beneficiary designation on file with the Retirement System, your spouse receives a duty death pension. If you are not married, the pension is payable to your children under age 18. If you have no children, a totally and permanently disabled parent dependent on you for 50% of his or her support is eligible for a duty death pension.

You can see why it is important to name a beneficiary for the plan's survivor benefits and to keep that beneficiary designation up to date.

You name a beneficiary when you complete your *Beneficiary Nomination* form. That person's name appears on the annual *Member's Statement of Account* you receive each year. You can change your beneficiary designation by filing a new *Beneficiary Nomination* form. You can get the form from your school's personnel/payroll office or you can write, e-mail, fax, or call ORS to have one sent. Once you file this form, you need not do so again unless you are changing your beneficiary.

## Refund of contributions

If you die before retirement and your beneficiary is not entitled to a monthly survivor pension, any personal contributions you made, including the cost of any additional service credit you purchased, plus accrued interest, will be refunded to your beneficiary in a lump sum.

If you do not name a beneficiary, your contributions may be distributed by probate court order.

## Filing for survivor's benefits

When a member dies, the beneficiary or other representative should notify ORS of the member's death as soon as possible by submitting a copy of the death certificate.

ORS will review the member's file to determine what benefits, if any, are payable and to whom. This determination will be sent to the individual who submitted the death certificate. If benefits are payable, the beneficiary will be sent a copy of the determination along with appropriate forms for him or her to complete and return with the following documents, if required:

- birth certificate for self and deceased member
- marriage license (only needed if the beneficiary is the spouse)

If a survivor pension benefit is payable, the pension effective date will be the first of the month following the member's death. Delays in notifying the Retirement System or applying could cause a loss of benefits. The Retirement System can only backdate a pension 12 months.

# Is It Time For You To Retire?

## Check Your Retirement Readiness

Answering these questions may provide some insight into how well you are prepared to retire.

### YES or NO?

☐ **YES** ☐ **NO:** Do you own your home free and clear? If not, will you have enough income to pay for it?

☐ **YES** ☐ **NO:** Have you planned for the future of children or others financially dependent on you?

☐ **YES** ☐ **NO:** Have you estimated how much retirement income you will receive from all sources? Is your estimate approximately 60-80% of your pre-retirement income?

☐ **YES** ☐ **NO:** Have you included a realistic inflation factor in estimating the income you will need throughout retirement?

☐ **YES** ☐ **NO:** Have you saved for or planned for major expenses such as home repairs or an automobile purchase you expect to make during retirement?

☐ **YES** ☐ **NO:** Do you plan to maintain cash in reserve for a family emergency?

☐ **YES** ☐ **NO:** Do you have a current estimate from the Social Security Admin–istration of what your benefits will be?

☐ **YES** ☐ **NO:** Have you considered that at a time of increasing life expectancies, greater demand is placed on your personal savings and investments since they must last for a longer period of time?

☐ **YES** ☐ **NO:** If an early retirement incentive has prompted your decision to retire, are you aware these programs are typically designed for the employer's benefit?

☐ **YES** ☐ **NO:** Have you reviewed your life insurance needs and made sure your beneficiary designation is current?

☐ **YES** ☐ **NO:** Have you considered the potential benefit to yourself and your loved ones of making a living will?

☐ **YES** ☐ **NO:** Have you and your family clearly communicated your retirement expectations to each other and formulated a mutually acceptable plan?

☐ **YES** ☐ **NO:** Do you already have a fulfilling leisure time activity or hobby you plan to devote more time to in retirement?

**The more "yes" answers you have, the more adequate your retirement preparation and the more likely you'll be able to preserve your standard of living.**

If you have more "No" than "Yes" answers, should you delay your retirement date and continue to work? Only you can answer this. This booklet points out several important considerations for successful financial planning and retirement.

# Review All Facets of Your Retirement Planning

As you evaluate your readiness to retire, you have much to consider. The following list should help you review your situation.

**Debt:** To the greatest extent possible, you should enter retirement debt-free. Monthly payments can place a strain on your retirement income.

Your planning needs to include setting aside money for unanticipated expenses – such as replacement of a furnace – and anticipated items, such as replacing your automobile.

**Social Security:** If you will be working after you begin receiving Social Security benefits, you should contact the Social Security Administration to learn about its separate earnings limitations.

**Pension Payment Schedule:** You are probably accustomed to receiving a paycheck every two weeks. Your Michigan Public School Employees Retirement System pension is paid at the end of each month, for that month.

**Life Insurance:** This Retirement System does not provide life insurance as a benefit. You may be covered by an employer-sponsored group life insurance, which may terminate when you retire. While reviewing your life insurance needs, you should also review your beneficiary designation to make sure it is up-to-date.

You may be approached by companies marketing "pension maximization" plans that use life insurance to replace a pension survivor option. When evaluating these proposals, remember to consider ALL the benefits your Retirement System survivor option offers, including medical insurance for your beneficiary.

**Estate planning:** Your assets, in combination with your Public School Employees pension and your eligibility for Social Security, may be of sizable worth. Most people don't want to think about death. Yet, if you don't make plans and decisions, somebody else will have to make decisions for you. That "someone" else may be a spouse or friend, or the court. The decision may not always be as you would have chosen. To ensure that your plans and decisions are carried out, you need estate planning.

Estate planning starts with an inventory of your assets and ends with a will. A will is typically a written document directing the disposition of your property after death. A durable medical power of attorney directs your next of kin and medical providers regarding your care in the event you become physically or mentally incapacitated. Now is the time to make these critical decisions concerning your estate and medical care at the end of your life.

**Leisure time:** For many new retirees, the needs of a growing family, job pressures and financial pressures have faded into the background. How are you going to use this newfound leisure time? Before you retire, develop a plan. You soon will have the extra time to do things which you never did before. Plan to do what is important and fulfilling to you.

**Health:** If you have dependent children living at home or attending college, or others who are dependent on you – such as an elderly parent – you have special considerations to include in your financial planning. You may have to make special provisions for their health, dental, and vision insurance needs.

# Tax Obligations

## State and local income tax

Pensions paid by the Retirement System are exempt from Michigan state and city income tax. **Although you are exempt from paying Michigan income tax, you must file state and city (if applicable) tax returns acknowledging your Michigan public school pension and claiming your exemptions.** Direct your questions about Michigan income tax liability to the Michigan Department of Treasury at 800-487-7000.

If you don't live in Michigan, check the state and local income tax provisions for your area.

## Federal income tax

Your Retirement System pension is subject to federal income tax. **If you do not want tax withheld or want a specific amount withheld, you must complete a *Federal Income Tax Withholding Authorization* form (R12X) and return it to ORS.** If you don't file a tax withholding authorization form, ORS is required by federal law to withhold tax from your pension based on the amount for a married person with three exemptions.

Each January, ORS sends retirees a Form 1099-R. This form details the gross pension amount paid during the preceding year, the portion subject to federal tax and the tax withheld. The 1099-R information is also sent to the Internal Revenue Service (IRS).

You have post-tax money on deposit with the Retirement System if you:

- made contributions on pre-1977 employment, or
- purchased additional service credit using post-tax dollars.

You have paid taxes on this money and won't be taxed on it again. Federal law requires the tax credit for this money be distributed over the expected lifetime of you and of your beneficiary, if you are receiving a survivor option pension. Therefore, each monthly pension payment contains both taxable and nontaxable income.

The federal government projects your expected lifetime (and that of your beneficiary, if applicable). If death occurs earlier than the government projects, your estate will have after-tax credit not yet claimed. That amount can be deducted on your final income tax return.

The total amount of your after-tax money will be reported to you before your first pension payment is issued. Keep this information. It may be important when your estate is administered.

You may want to contact the IRS if you have questions about your federal tax liability as a retiree. Check your phone book, under U.S. Government, for the IRS office nearest you.

# Receiving Your Pension Payment

## Pension payment schedule

Pension payments are made near the end of each month, for that month. ***There is no provision for a lump sum pension payment.***

You should receive your first pension payment one to three months after you terminate your Michigan public school employment, meet all eligibility requirements, and all your required retirement forms are on file with the Retirement System. Your first pension payment is retroactive to your retirement effective date (up to a maximum of 12 months).

When you retire, you will select the method by which you will receive your monthly pension payment. You must choose either Electronic Funds Transfer (EFT), the preferred method, which automatically deposits your pension into your bank account each month, or having a paper check mailed to your home, which is less convenient and secure.

**ORS strongly recommends you choose EFT.** When you use electronic funds transfer, your pension is electronically deposited directly in your account at your financial institution on the same date the paper check is dated – usually the 25th of the month. By law, the Retirement System must distribute pension payments by the end of the month. This option is safer and more convenient, eliminating the possibility that your pension payment will be lost, stolen or delayed in the mail. If your pension check is lost or stolen and cashed fraudulently by someone else, replacement could take six to 12 months.

When you select the EFT option, ORS mails a statement to your home six times a year providing year-to-date payroll information. It tells you the dates your pension will be deposited in the upcoming period. As of the publication date of these guidelines, EFT statements are scheduled to be mailed in January, March, June, September, October, and December.

**When you elect EFT, your first pension payment is mailed to your home before the electronic deposit begins.** During this month, we review your application for completeness and the Department of Treasury tests the transaction with your financial institution to ensure that the routing, account and Social Security numbers are accurate. Until your pension can be electronically transferred, your pension check will continue to be mailed to your home address.

# Starting the Application Process

When you're ready to retire, you can write, e-mail, fax, or call ORS to request a Retirement Application Packet. **Submit your completed retirement application forms at least three to six months before your retirement effective date.**

If you submit your retirement application forms after you retire, keep in mind the Retirement System cannot make pension payments more than 12 months retroactively. You will lose retroactive benefits if you file more than 12 months after you become eligible for pension payments.

## Your retirement is irrevocable

**Once you retire and begin receiving your pension payments, your option choice, survivor pension beneficiary, and retirement effective date are irrevocable and cannot be changed.** Even if you return to public school employment in Michigan, you cannot become a member of this Retirement System again. Your earnings will be reported to the Retirement System as post-retirement earnings. If your plans include a return to work, you should refer to page 43 of this booklet.

## Your Retirement Application Packet

Following is a list of the forms included in your Retirement Application Packet and an explanation of the function of each.

*Application for Retirement* (R9C) – This form acknowledges your decision to retire and the provisions under which you are retiring. It allows ORS to determine your pension effective date.

*Election of Pension Option* (R10C) – This form indicates the payment schedule by which you elect to receive your pension – either a straight life pension for your own lifetime or a reduced survivor pension based on the life expectancies of both you and your beneficiary. You can also choose one of the equated plans which provides a larger pension payment until age 62 and a permanently reduced pension after age 62.

*Electronic Funds Transfer (Direct Deposit) Application (R277X)* – Use this form to have your monthly pension payment sent via electronic funds transfer to your bank account.

*Group Insurance Application* (R365C) – This form tells ORS if you plan to enroll yourself and your eligible dependents in one of the group insurance plans and the date you wish coverage to be effective.

*Pension Recipient's Federal Income Tax Withholding Authorization* (R12X) – This form allows you to specify how you wish to have federal income tax withheld from your pension.

## Insurance material

The retirement application packet includes insurance information, rate schedules, and separate information booklets for the health, dental, and vision plans. These provide information about dependent eligibility, enrollment, benefit provisions, coverage effective dates, monthly costs, and important plan features.

You may also call the insurance providers directly at the toll-free numbers provided in the respective brochures.

## Materials <u>you</u> provide

You will need to furnish a photocopy of your birth certificate or other acceptable proof of birthdate. If you elect a survivor pension (100% Survivor, 100% Equated, 75% Survivor, 75% Equated, 50% Survivor, 50% Equated), you must also furnish a photocopy of your beneficiary's birth certificate or acceptable proof of birthdate.

**See *Appendix E*, page 60, for a list of items you can use to substitute for the birth certificate.**

## Submitting your retirement application

After you read and complete the required forms and use the *Retiring Applicant's Checklist* (R118C) to determine all forms are complete, mail the forms to:

**Office of Retirement Services (ORS)**
**P.O. Box 30171**
**Lansing, MI 48909-7671**

ORS cannot process an incomplete application. In that situation, staff will notify you and tell you what is missing or incomplete.

If necessary documents are delayed, your pension payment will be delayed.

**Keep your home address up to date with ORS.** ORS needs your current address for mailing your EFT statement and special mailings, such as insurance rate notices, income tax information, and other important notices you will receive. To change your address, send ORS a signed letter with your old address, your new address and the date you want the change to be effective. Also be sure to include your Social Security number in the letter. If you have your pension payment deposited directly, using Electronic Funds Transfer (EFT), you may change your address by simply calling ORS. The pension recipient must make this request.

## Notification your application is complete

***ORS letter*** – When you are scheduled to receive your initial pension payment, ORS will mail you a letter advising when you will receive your first check. ORS also notifies you of the information used to compute your pension.

Included with the ORS letter is a *Pension Recipient Information Booklet* and a *Post-Retirement Employment Flyer*.

***Effective Date of Retirement and Your First Pension Payment*** – Your retirement is effective the first of the month following the month in which:

- You have satisfied the eligibility requirements;
- you have terminated employment with the Michigan public school system; and
- your retirement application forms have been on file with the Retirement System for at least 15 days.

# Calculating Your Monthly Pension

The pension calculation formula is the same for all members of this Retirement System, regardless of your job title and responsibilities. Differences in pension amounts are the result of differences in two variables: service and salary. The longer your career and the larger your average salary, the larger your pension.

## The pension formula

Your pension is calculated according to the following formula:

*Your final average compensation*[16]
X
*1.5% (.015)*
*X*
*Your years of service credit =*
*Your annual pension*

Your pension is payable during your lifetime. ***There is no provision for a lump sum pension payment.***

## Reportable Compensation

The retirement statute recognizes the following types of compensation, and instructs the participating schools to report them. The compensation used to calculate your final average compensation **includes**:

- wages you earned while performing the duties of your position, including compensation for extra bona fide work assignments, such as coaching or driver education
- wages you earned and invested in a tax-sheltered annuity or placed in a deferred compensation plan
- longevity pay
- overtime pay
- vacation pay while absent from work
- holiday pay while absent from work
- sick leave pay while absent from work, including Weekly Worker's Compensation (WWC) for an injury you sustained while employed with a Michigan public school
- short-term disability payments that flow through your school's payroll system
- merit pay for achieving specific performance objectives

The following types of payments are **excluded** from your final average compensation:

- payments for unused sick or vacation time
- bonus payments
- retirement incentive payments
- hospitalization insurance and life insurance premiums
- long-term disability payments
- fringe benefits
- payments received directly or indirectly for actual or anticipated expenses
- payments in lieu of health insurance or other fringe benefits
- payments for the specific purpose of increasing final average compensation

Your wages for the period in which final average compensation is determined cannot exceed your previous year's wages, except under the normal salary or wage schedule at your school.

[16] Final average compensation (FAC) for MIP members is based on their highest three consecutive years' (36 months) salary (**wages *earned* during those 36 months**). See page 36 for instructions on calculating your FAC. Basic Plan members calculate their final average compensation using the highest five consecutive years (60 months). (See page 36 for examples.)

## Calculating your final average compensation

ORS will contact your school's personnel/payroll department about four weeks before you terminate employment to request wage and service information needed to determine your pension eligibility and amount. If you apply after you terminate, ORS will contact your school's personnel/payroll department after a preliminary review of your application.

Your payroll officer completes an affidavit to ensure all your wages have been reported and to verify excess payments you received, if any, in addition to your base contract (i.e. retroactive contract settlements, longevity, COLA, overtime, additional class loads, etc.). The payroll officer then returns the completed affidavit to ORS.

ORS cannot make a final determination regarding your eligibility and amount until we receive this information from your employer.

Your highest consecutive months of earnings determine your final average compensation. It doesn't matter if you retire during the school year rather than at the end, or if you are a 10-month employee and receive part of your wages during the summer months after you retire.

Final average compensation for MIP members is calculated using their highest consecutive three years' (36 months) salary.[17] For example, if you earned $28,600, $30,100 and $31,700 in the last three years of employment, your final average compensation is $30,133.

*$28,600 + 30,100 + 31,700 = $90,400*
*$90,400 / 3 = $30,133*

Using that final average compensation in the pension formula, assuming 30 years of service, you will receive an annual pension of $13,560.

*$30,133 X 1.5 % = $452*
*$452 X 30 = $13,560*

Dividing by 12 gives a monthly pension of $1,130.

## Post-retirement increases

As a MIP retiree, you will receive a fixed 3% annual increase, based on the initial pension[18] amount you receive under the option plan you select. You get your first increase each October after you complete twelve months of retirement. If you retired July 1, 2000, you will receive the initial 3% increase in October 2001.

The 3% increase does not compound, but it does accumulate. In the second year after retirement, your initial pension increases by 3% of your initial pension. The following year, your initial pension has increased by 6%, then by 9%, and so on.

In the previous example, the retiree receives the same increase of $406.80 (3% of $13,560) every year. The annual pension in the second year is $13,966.80; in the third year, $14,373.60, and so on.

*Appendix A*, beginning on page 45, contains worksheets and instructions you can use to estimate your future pension and post-retirement increases. Remember, these are only estimates. When you retire, ORS thoroughly reviews and audits your account to calculate your pension amount.

## Maximum pension amount limitation

In rare instances, IRS Code limits the pension amount that can be paid to very highly compensated individuals. Section 401(a)(17) of the IRS code restricts the amount of annual compensation that can be used to calculate a pension. Section 415(b) sets the maximum amount of pension that can be paid. Contact ORS if you believe your pension may exceed the limits.

[17] Basic Plan members calculate their final average compensation using the highest five consecutive years (60 months).

[18] Not available to Basic Plan members. Basic Plan members receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

# Pension Payment Options

The pension formula determines the amount of money you are eligible to receive from this Retirement System during **your** lifetime. If you want pension payments to continue to your spouse or another eligible beneficiary (a brother, sister, child, adopted child or parent) when you die, you can elect a survivor option. Choosing a survivor option reduces your monthly pension payment.

With your retirement application forms, you receive an *Election of Pension Option* form (R10C). This form requires you to elect a straight life or survivor option for your pension. Your choice will determine whether or not payments continue to a beneficiary after you die. These options are explained in detail below.

***If you are married, your spouse is automatically your 100% Survivor (or 100% Equated), 75% Survivor (or 75% Equated), or 50% Survivor (or 50% Equated) beneficiary.*** If you select Straight Life or designate someone other than your spouse as your beneficiary, **your spouse <u>must</u> relinquish his or her automatic survivor benefit by signing** the *Election of Pension Option* form (R10C).

**NOTE:** ***You cannot change your retirement option or survivor pension beneficiary after ORS processes your first pension payment.***

## Straight Life Pension

With this option you receive monthly payments during **your** lifetime only.

- **Straight Life** pays the highest monthly pension you can receive during your lifetime. Payments and insurance coverage of dependent(s) stop when you die. Benefits do not continue to your beneficiary.
- **Straight Life Equated** combines the Straight Life and the Equated Plan. (See page 38.)

Under Straight Life or Straight Life Equated, if you die before the total pension amount you have received equals or exceeds your **personal** accumulated contributions and interest on deposit when you retired, your beneficiary receives the balance in a lump sum payment.

## Survivor Pensions (100%, 75%, or 50%)

Three basic survivor pensions are available – 100%, 75%, or 50%. The survivor pensions allow you to elect reduced monthly payments with lifetime payments continuing to your beneficiary after your death and no reduction in insurance benefits. If you are married, your spouse is automatically your survivor pension beneficiary. If you are married and want to name someone other than your spouse as your beneficiary, you must have your spouse's written consent.

Under this option, your monthly pension is reduced based on the life expectancies of both you and your beneficiary. Your beneficiary can be your spouse, brother, sister, parent or child, including an adopted child. Dependency is not required.

- **100% Survivor Pension** pays you a reduced pension, then pays the same amount to your beneficiary during his or her lifetime. Insurance benefits continue for the beneficiary and eligible dependent(s).
- **100% Equated** combines the 100% Survivor and the Equated Plan. (See page 38.)
- **75% Survivor Pension** pays you a reduced pension, then pays your beneficiary a monthly pension equal to three-quarters of your pension during his or her lifetime. Insurance benefits continue for the beneficiary and eligible dependent(s).
- **75% Equated** combines the 75% Survivor and the Equated Plan. (See page 38.)
- **50% Survivor Pension** pays you a reduced pension, then pays your beneficiary a monthly pension equal to one-half of your pension during his or her lifetime. Insurance benefits continue for the beneficiary and eligible dependent(s).
- **50% Equated** combines the 50% Survivor and the Equated Plan. (See page 38.)

If your beneficiary dies before you, your pension is increased to a Straight Life Pension or Straight Life Equated the following month.

# The Equated Retirement Plan

If you are under age 61 and not a disability retiree, you can combine the Equated Plan with your straight life or survivor pension election.

The Equated Plan gives you a way to "borrow" against your future pension benefits. You are paid a larger pension each month from your retirement date until you reach age 62, when your pension is reduced. The permanent reduction is calculated to repay the amount you "borrowed" in the early years of your retirement. The additional payments stop the month *after* you turn 62, regardless of whether or not you begin drawing your Social Security benefits at age 62. (If your birthday falls on the 1st or 2nd of the month, your pension is reduced the month you turn 62.)

ORS is not involved in calculating the actual amount you eventually receive from Social Security. The Social Security Administration (SSA) determines the amount of your actual Social Security benefit and when those benefit payments actually begin. After your 62nd birthday and until you receive your first Social Security payment, at whatever age you choose to have them begin, your total monthly income could temporarily drop.

ORS uses your projected age 62 Social Security benefit from the Social Security Administration (SSA) to establish the additional amount it pays until age 62. *If you want an estimate of the Equated Plan or choose an Equated Plan at retirement you must request an estimate of earnings and benefits directly from the Social Security Administration (SSA). The SSA estimate must be based on receiving Social Security benefits at age 62. You can contact your local SSA office, call the SSA toll-free at 800-772-1213, or go to the SSA web site at: http://www.ssa.gov/.*

These examples show how the Equated Plan works. Let's assume the following conditions:

| | A | B |
|---|---|---|
| *Your age at retirement* | 54 | 60 |
| *Years of service* | 30 | 20 |
| *Average salary* | $30,000 | $20,000 |
| *Monthly pension* | $1,125 | $500 |
| *Est. S.S. benefit at age 62* | $990 | $435 |

By choosing the Equated Plan, you would be paid the monthly pension, plus an additional amount, which is an actuarially determined percent of the estimated Social Security benefit.

| | A | B |
|---|---|---|
| *Monthly pension* ***without*** *Equated Plan* | $1,125 | $500 |
| *Additional amount (actuarially determined)* | +428 | +349 |
| *Total monthly pension* ***with*** *Equated Plan until age 62* | $1,553 | $849 |

When you reach age 62, ORS permanently reduces your pension by your *estimated Social Security benefit determined by SSA.*

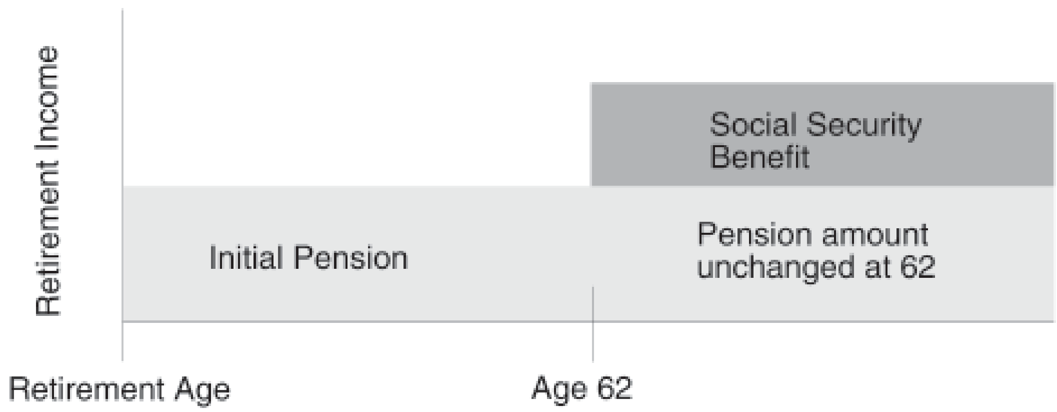
| | A | B |
|---|---|---|
| *Pre-62 monthly pension* | $1,553 | $849 |
| *Reduction at age 62 – Est. S.S. benefit* | - 990 | - 435 |
| *Monthly pension - age 62 & after* | $563 | $414 |

**As a MIP retiree, you will receive an annual increase based on your initial pension amount. This is not reflected in the figures above.*

ORS recovers the additional amount advanced to you based on projections of average life span. If you live as long as projected, neither you nor the Retirement System make or lose money with this plan. If you live a shorter lifetime than was projected, you "make" money, because you don't repay all that ORS advanced to you. If you live longer than projected, you "lose" money on the plan because you pay more back than the amount you were advanced.

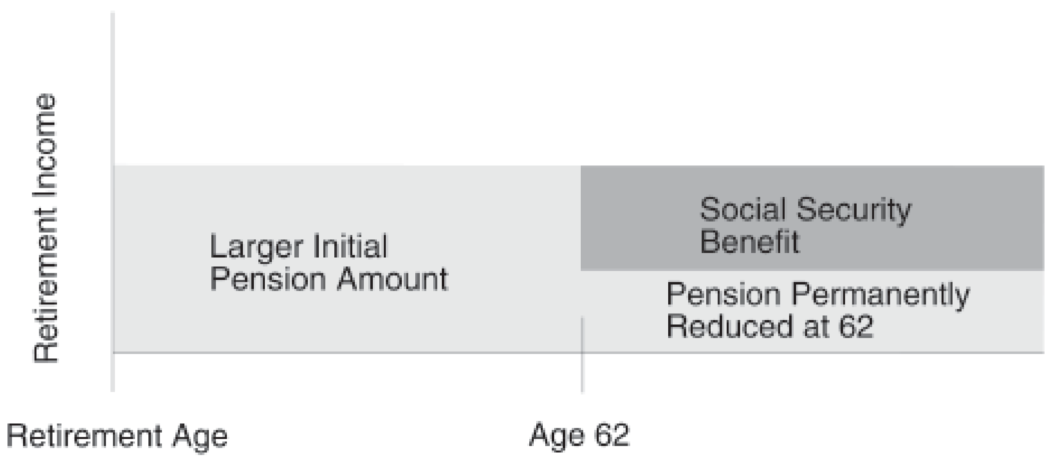
## Payment Option Without Equated Plan

### Income Increases at 62 by Social Security Amount




## Payment Option With Equated Plan

### Income Stable Throughout Retirement




**Why *would* you choose the Equated Plan?**

- You want to take an active role in planning your finances. You prefer to exert personal control over your money.
- You believe you can invest the money to earn more than it will cost to repay the Retirement System.
- You want to receive as much in pension benefits as early as possible because your life expectancy is uncertain.

**Why *wouldn't* you choose the Equated Plan?**

- You don't want to see your pension reduced when you reach age 62.
- You want to use the Social Security pension as a gross income increase at age 62, as a hedge against inflation.
- You think your life expectancy is longer than projected for the payback of the advance, and that a permanent reduction will end up costing you money.
- The additional amount you receive before age 62 could place you in a higher income tax bracket.

***Please consider your options carefully. You can't make a change once pension payments begin.***

# Insurance Information

## Insurance coverage

When you retire, you may enroll yourself and your eligible dependents in this Retirement System's medical, dental, and vision plans. All retirees are eligible to enroll in medical, dental/vision, and hearing aid coverage upon retirement or at a later date. Benefit levels, premium cost, and subsidy, if any, are determined by the Retirement System Board and the State of Michigan.

**The following people are eligible to enroll in the insurance plans as dependents:**

- The retiree's spouse
- The retiree's **unmarried** children through December 31 of the year they turn 19. **Children must be members of your immediate family by birth or adoption.** Grandchildren and stepchildren are not eligible dependents, even if you are their legal guardian.
- The retiree's child from age 19 through December 31 of the year he or she reaches age 25 if a full-time student (as defined by the educational institution) and a dependent according to Section 152 of the Internal Revenue Code. Proof of full-time student status is a completed *19-25 Eligibility Certification* form. You must confirm your dependent's continued full-time student status with this form each October.
- The retiree's child age 19 or older who is physically or mentally handicapped and dependent according to Section 152 of the Internal Revenue Code. Proof of dependency must be submitted at the time of application, including (1) a letter from the attending physician stating the child is handicapped and incapable of self-sustaining employment, and (2) a copy of the page of the IRS Form 1040 which identifies the name of the dependent. These documents must be submitted on a yearly basis in **October** with the *19-25 Eligibility Certification* form to confirm continued dependent status.
- The retiree's parent(s) and/or parent(s)-in-law **living in your household**.

**Note:** You are responsible for immediately notifying ORS of any change in your status or that of your dependents. If the Retirement System pays claims for an ineligible person, we will adjust your retirement pension accordingly.

**Enrollment.** You must decide within 31 days after your pension effective date whether you will enroll in the insurance plans. If you choose not to enroll at retirement, you may enroll later. If you enroll later, your coverage will begin six months following the first day of the month in which the Retirement System receives your completed insurance application.

The Retirement System can waive the six-month waiting period if you enroll in the plan because you or your dependent lose eligibility for coverage in another group plan. Coverage can begin within 31 days after ORS receives your completed application. For the Retirement System to waive the six-month waiting period, you must send with your application a letter from the employer explaining who was covered, why eligibility in the other plan is ending, and the date that coverage ends.

The Retirement System may also waive the six-month waiting period if you get married and send ORS a copy of your marriage license and a letter of notification within 30 days.

**Effective Date of Coverage.** Your coverage begins on the first day of the month after ORS receives your completed application. Coverage always begins on the first day of a calendar month. You can begin your coverage no earlier than your retirement effective date or up to 90 days later.

You should check with your school employer to determine when your present insurance(s) will terminate to be certain of continued coverage and prevent duplication of coverage.

**Determining the correct effective date is very important and is your responsibility. Premium refunds cannot be made.**

## Insurance subsidy

For eligible retirees and beneficiaries, the Retirement System pays a portion of the premium for your coverage. The balance is deducted from your monthly pension.

## When coverage begins

You should receive your insurance identification (ID) cards and enrollment materials about two weeks after you receive your first pension payment.

If you incur expenses for covered medical, dental, or vision services before you receive your insurance ID cards, get itemized statements from the provider. Submit these to the insurance carrier after your card arrives. If you require hospitalization, the hospital can verify your coverage by telephoning ORS toll-free at 800-381-5111, or in the Lansing area at 517-322-5103, during normal business hours.

## Insurance for deferred members

A deferred member is an individual who:

- Terminated public school employment with at least 10 years of credited service
- Left personal retirement contributions on deposit, and
- **Did not meet the minimum age requirement for a regular retirement benefit at the time of termination.** With timely application, the deferred member can begin receiving retirement benefits **upon fulfillment of the age requirement.**

Although all pension recipients are eligible for health, dental/vision and hearing aid benefits, the amount of premium subsidy for deferred members depends on the date employment ended.

Deferred members who terminated public school employment before October 31, 1980, and who are eligible to receive a deferred pension, are eligible for the full subsidy.

Deferred members who terminated public school employment **on or after October 31, 1980,** with a minimum of 21 years of credited service and who are eligible to receive a deferred pension will be entitled to a partial insurance premium subsidy. The subsidy is increased by 10% for each full year of credited service obtained beyond 20 years, up to a maximum of 100%. For example, a deferred retiree with 21 years of service would receive a 10% subsidy; with 25 years of service it increases to 50%; and with 30 years of credited service the retiree would receive a full 100% subsidy.

Members eligible for deferred benefits with less than 21 years of credited service may enroll for health and dental/vision but must pay the full premium. Full or partial coverage for hearing aids is only available if you participate in this Retirement System's insurance plan(s). Contact ORS to determine what hearing aid coverage you may have, if any.

**Note: If your pension is effective the first of the month after you terminate employment, you <u>are not</u> a deferred member and will be entitled to the full subsidy.** (Early Reduced retirees are entitled to the same insurance subsidy as non-deferred members.) Deferred members who return to work before retirement and reestablish active Retirement System membership status may be eligible for full insurance subsidy.

## Survivor coverage

Your beneficiary may continue medical, dental, and vision coverage after your death only if you choose an option (100% Survivor, 100% Equated, 75% Survivor, 75% Equated, 50% Survivor, or 50% Equated) that provides a survivor pension. For more detailed information on these options, please refer to *Pension Payment Options*, page 37.

If you elect either Straight Life or Straight Life Equated, which do not provide a monthly pension to a beneficiary, your enrolled dependents will not be able to continue subsidized group coverage after your death. However, your enrolled dependents may be eligible for continuation of unsubsidized insurance coverage for a maximum of 36 months.

## Continuation of Coverage

Pursuant to the Public Health Service Act (PHSA), state and local government group health plans must provide continuation coverage to certain individuals under the Consolidated Omnibus Budget Reconciliation Act (COBRA).

To qualify for COBRA benefits, you must be a spouse or dependent child of a retiree of this Retirement System and must be receiving Retirement System insurance benefits at the time of a **qualifying event**. If you are a spouse, a qualifying event would be death, divorce, or legal separation from this retiree. If you are a dependent child, a qualifying event would be the retiree's death or loss of dependent status under the requirements of the plan. Continuation coverage does not apply to those individuals who are covered under any other group coverage or to those eligible for Medicare, or to a beneficiary of a deceased survivor pension recipient who continues to receive a pension benefit. Please refer to *Pension Payment Options*, page 37.

## Coordination of Benefits

The health, dental, and vision plans under this Retirement System contain a Coordination of Benefits (COB) provision that applies when you or your enrolled dependents are covered under more than one group plan.

The combined payments of all plans will not exceed the allowable expenses of your care or services.

If both you and your spouse are retirees of this Retirement System within the same group plan, there will be no advantage for duplicating coverage because COB will not apply.

## Medicare Issues

At age 65 or sooner, if eligible, you **must** enroll in Medicare health insurance (both hospital – Part A, and medical – Part B) through the Social Security Administration to maintain maximum benefit coverage. Your Retirement System health coverage adjusts automatically to supplement Medicare coverage at age 65. From that point on, the Retirement System no longer covers your expenses normally covered by Medicare.

Persons under age 65 who are receiving a Social Security disability pension become eligible for Medicare after receiving 24 months of disability benefits. Your Retirement System health care coverage will be adjusted to supplement Medicare – both hospital, Part A, and medical, Part B.

In any case, **anyone who enrolls in Medicare**, including Medicare-eligible retirees, eligible disability pension recipients, disabled children on Medicare, and other covered dependents, **must send ORS a copy of their Medicare card to have the supplemental portion of their claims automatically processed.** This will also ensure that ORS is aware of your Medicare coverage.

After the Retirement System processes this change, you will see a reduction in the premium amount deducted from your pension. Remember, if you enroll in Medicare, notifying ORS could save you money.

# Working After Retirement

After you retire, you may return to work and earn wages from a Reporting Unit affiliated with this Retirement System and still receive your full pension, under certain circumstances. Keep in mind though, the purpose of your pension is to help replace your income when you're no longer working, not to further enrich you as you continue your public school career.

As a retiree who returns to public school employment, you are not considered an active member of this Retirement System. Therefore, neither you nor your employer make further contributions to this Retirement System. Your post-retirement earnings are, however, still reported to the Retirement System to comply with the retirement statute.

If you have any questions about post-retirement employment, contact ORS with a description of the proposed employment and expected earnings.

## Employment Restrictions

You may not work within the first month of your retirement effective date (even as a volunteer):

- in a Reporting Unit affiliated with this Retirement System; OR
- for the State of Michigan

## Earnings Limitations

If you return to work for a Reporting Unit affiliated with this Retirement System, you may earn the **greater** of the following amounts without affecting your pension:

- One-third of your final salary average. For this purpose, the salary average is increased by 5% (compounded) for each calendar year you are retired; OR
- The maximum earnings permitted by the Federal Social Security Act, as amended.

  The maximum earnings permitted for calendar year 2003 are: (1) under full retirement age – $11,520; (2) there is no limit on earnings beginning the month an individual attains full retirement age (65 for retiree born in 1937 or before; 65 and 2 months for those born in 1938). Contact ORS or your local Social Security office for updates.

***NOTE: Allowable earnings are prorated for the first calendar year of retirement.***

For every dollar you earn in excess of the statutory limit, you must return one pension dollar to the Retirement System. ORS periodically reviews post-retirement wages from all Michigan Reporting Units to ensure compliance with the earning limitations established by the Michigan Public School Employees Retirement Act, 1980 P.A. 300, as amended.

There are no limitations or restrictions on post-retirement earnings from:

- the universities within Michigan that are **not** participating Reporting Units: Grand Valley State, Michigan, Michigan State, Oakland, Saginaw Valley State, and Wayne State
- employment (of a former teacher or administrator) in a teaching or research capacity by a university that is considered a Reporting Unit; i.e., Central Michigan, Eastern Michigan, Ferris State, Lake Superior State, Michigan Technological, Northern Michigan, and Western Michigan
- employment as a teacher, principal, administrator, or stationary engineer by a Reporting Unit that has an approved emergency situation[19]
- employment as a teacher by a Reporting Unit in an approved critical shortage discipline[19]
- employment as a principal, assistant principal, or superintendent by a Reporting Unit[19]

[19]Effective until July 1, 2006, or three years, whichever occurs first. Retiree must have retired on or before July 1, 2000.

- public school academies that are not Reporting Units of this Retirement System
- **any other** work within Michigan
- **any work** outside Michigan
- the State of Michigan (except within the first month of your retirement effective date)

## Recalculating your pension

If you return to public school employment and earn a minimum of three years of service credit (five years if you're a Basic Plan retiree), your pension can be recalculated to recognize your additional service.

To qualify for a pension recalculation, you must first repay any pension you received from the Michigan Public School Employees Retirement System during the post-retirement return-to-work period used in your pension recalculation. You must also pay an amount equal to the retirement contributions your employer would have paid if you were an active member of this Retirement System. Your cost for retirement contributions is your recalculated final average compensation, multiplied by a percentage determined by the retirement law, then multiplied by the credit earned during your pension recalculation period. The recalculated pension will be based on your new final average compensation and include your additional service credit.

## Duty and nonduty disability pensions

If you are a disability retiree, you must have ORS' written approval before you accept employment. Write to ORS describing any proposed employment, the hours you expect to work per week, and your expected earnings.

A disability retiree who begins working with ORS' prior approval may earn the **difference** between his or her final average compensation and pension amount without penalty.

To determine your disability earnings limitation, increase your final salary average by 2% (compounded) for each calendar year you have been retired.

For every $1 your earnings exceed the maximum, your pension will be reduced by $1.

The disability earnings limitation ceases on January 1 of the year in which the person would have become eligible for a regular age and service pension, had full-time employment continued. This means January 1 of the year in which the disability retiree attains age 60; or earlier if the disability retiree is:

- A Member Investment Plan (MIP) retiree who would have acquired 30 years of service before age 60; or
- A Basic Plan retiree who would have acquired 30 years of service **no earlier than age 55 but before age 60.**

When the disability earnings limitation ends, regular pension recipient earnings limitations apply.

## Survivor pension recipients

Your beneficiary receiving a survivor pension is **not** subject to employment restrictions or earnings limitations unless he or she is also receiving a Michigan Public School Employees Retirement System pension granted on the basis of his or her own employment.

# APPENDIX A: Pension Calculation Worksheets

Until you retire and all reports from your employer are filed with the Retirement System, your pension can only be estimated. The following forms are designed to allow you to easily estimate your Straight Life pension and the available survivor options.

You calculate your pension using your final average compensation (FAC) and your total years (and fraction of a year, if applicable) of service credit. This is the formula:

*Your FAC X 1.5% X your total service credit = Your Annual Straight Life Pension*

Your Straight Life pension is payable for your lifetime only.

When you retire, ORS will examine your earnings history. The highest possible FAC will be used whether you retire at the end of a school fiscal year or any time during the year. Your FAC will be determined using your highest gross reportable wages within a 36 consecutive month period.[20] To estimate your FAC now, use your contractual earnings, *Member's Statement of Account* reported earnings, or W-2 form amounts.

If ORS has not already evaluated your service, you can estimate your service credit for calculating your pension.

## ORS Web Site Benefit Estimator

**Simplify your calculating by trying out the benefit estimator on the ORS web site at www.michigan.gov/ors.**

The site also features downloadable publications and forms, a handy search function to get answers to your specific questions, links to other sites like the Social Security Administration and your insurance carriers, and up-to-date information on your public school employees' retirement plan. New features are added regularly, so be sure to bookmark the site and visit often.

[20] 60 consecutive months for Basic Plan members

# Straight Life Pension

The Straight Life Pension Option pays you the largest pension you can receive and stops upon your death. **THERE IS NO CONTINUING PENSION FOR A BENEFICIARY,** only a lump-sum refund of any individual contributions not paid to you in a pension.

| | A<br>Year | B<br>Wages | C<br>Credit | Example<br>Year | Example<br>Wages | Example<br>Credit |
|---|---|---|---|---|---|---|
| 1. List your highest wages earned for 3 years* (36 consecutive months) and service credit earned in each of those years. | | | | | | |
| | | | | | | |
| **INCLUDE** regular wages and pay for extra work, e.g., overtime, and other additional jobs. **DO NOT INCLUDE** unused vacation pay, unused sick leave pay, bonus payments or fringe benefits paid by your employer. | | | | 98-99 | $29,000 | 1.0 |
| | | | | 99-00 | $30,000 | 1.0 |
| | | | | 00-01 | $31,000 | 1.0 |
| * Five years (60 consecutive months) for Basic Plan members. | | | | | | |
| 2. Total the wages in column B. | | | | 2. | $90,000 | |
| 3. Total the service credit in column C. | | | | 3. | | 3.0 |
| 4. Divide wages in line 2 by service credit in line 3. This is your **FINAL AVERAGE COMPENSATION (FAC).** | | | | 4. | $30,000 | |
| 5. Multiply your FAC by 1½% (.015). | | x.015 | | 5. | x .015<br>$450 | |
| 6. Write your total years of service credit to the nearest 1/10th and multiply. | | | | 6. | x 30.0 | |
| 7. This is your estimated **annual Straight Life** pension. | | | | 7. | $13,500 | |
| 8. Divide your annual pension by 12. This is your estimated **Straight Life monthly** pension. | | ÷ 12 | | 8. | ÷ 12<br>$1,125 | |

# 100% Survivor Pension

The 100% Survivor Pension pays you a reduced pension using an actuarial percent. The month after your death, the **same amount (100%) you were receiving continues to your beneficiary** for the rest of his/her lifetime. If your beneficiary dies before you, your pension will revert to the full Straight Life pension.

| | | **Example**<br>**Retiree — Age 59**<br>**Beneficiary — Age 57** |
|---|---|---|
| 1. Write your estimated Straight Life monthly pension. | $ | 1. $1,125.00 |
| 2. Using the ages as of your retirement effective date, write the appropriate percent from the sample 100% Survivor chart below and multiply. If your's or your beneficiary's age is younger or older than the range shown below, please telephone ORS toll-free at 800-381-5111 or in the Lansing area at 517-322-5103 for assistance. | x | 2. x .84 |
| 3. This is your estimated 100% Survivor monthly pension. Upon your death, your beneficiary will receive this amount. | $ | 3. $ 945.00 |

**100% SURVIVOR PENSION SAMPLE CHART:** *Percentage Rates Subject to Change*

| **RETIREE AGE** | **BENEFICIARY AGE** | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **41** | **43** | **45** | **47** | **49** | **51** | **53** | **55** | $\boxed{\textbf{57}}$ | **59** | **61** | **63** | **65** | **67** | **69** |
| **48** | .90 | .90 | .91 | .91 | .92 | .92 | .92 | .93 | .93 | .94 | .94 | .95 | .95 | .96 | .96 |
| **49** | .89 | .90 | .90 | .90 | .91 | .91 | .92 | .92 | .93 | .93 | .94 | .94 | .95 | .95 | .96 |
| **50** | .88 | .89 | .89 | .90 | .90 | .91 | .91 | .92 | .92 | .93 | .93 | .94 | .94 | .95 | .95 |
| **51** | .87 | .88 | .88 | .89 | .89 | .90 | .91 | .91 | .92 | .92 | .93 | .93 | .94 | .94 | .95 |
| **52** | .87 | .87 | .88 | .88 | .89 | .89 | .90 | .90 | .91 | .92 | .92 | .93 | .93 | .94 | .94 |
| **53** | .86 | .87 | .87 | .87 | .88 | .88 | .89 | .90 | .90 | .91 | .91 | .92 | .93 | .93 | .94 |
| **54** | .85 | .85 | .86 | .86 | .87 | .87 | .88 | .89 | .89 | .90 | .91 | .91 | .92 | .93 | .93 |
| **55** | .84 | .84 | .85 | .85 | .86 | .86 | .87 | .88 | .89 | .89 | .90 | .91 | .91 | .92 | .93 |
| **56** | .83 | .83 | .84 | .84 | .85 | .85 | .86 | .87 | .88 | .88 | .89 | .90 | .91 | .91 | .92 |
| **57** | .81 | .82 | .82 | .83 | .84 | .84 | .85 | .86 | .87 | .87 | .88 | .89 | .90 | .91 | .91 |
| **58** | .80 | .81 | .81 | .82 | .82 | .83 | .84 | .85 | .86 | .86 | .87 | .88 | .89 | .90 | .91 |
| $\boxed{\textbf{59}}$ | .79 | .79 | .80 | .81 | .81 | .82 | .83 | .84 | $\boxed{.84}$ | .85 | .86 | .87 | .88 | .89 | .90 |
| **60** | .77 | .78 | .79 | .79 | .80 | .81 | .81 | .82 | .83 | .84 | .85 | .86 | .87 | .88 | .89 |
| **61** | .76 | .77 | .77 | .78 | .78 | .79 | .80 | .81 | .82 | .83 | .84 | .85 | .86 | .87 | .88 |
| **62** | .75 | .75 | .76 | .76 | .77 | .78 | .79 | .79 | .80 | .81 | .82 | .83 | .85 | .86 | .87 |
| **63** | .73 | .73 | .74 | .75 | .75 | .76 | .77 | .78 | .79 | .80 | .81 | .82 | .83 | .84 | .85 |
| **64** | .71 | .72 | .72 | .73 | .74 | .75 | .75 | .76 | .77 | .78 | .80 | .81 | .82 | .83 | .84 |
| **65** | .70 | .70 | .71 | .71 | .72 | .73 | .74 | .75 | .76 | .77 | .78 | .79 | .80 | .82 | .83 |
| **66** | .68 | .69 | .69 | .70 | .70 | .71 | .72 | .73 | .74 | .75 | .76 | .78 | .79 | .80 | .81 |
| **67** | .66 | .67 | .67 | .68 | .69 | .70 | .70 | .71 | .72 | .74 | .75 | .76 | .77 | .79 | .80 |
| **68** | .64 | .65 | .66 | .66 | .67 | .68 | .69 | .70 | .71 | .72 | .73 | .74 | .76 | .77 | .78 |
| **69** | .63 | .63 | .64 | .64 | .65 | .66 | .67 | .68 | .69 | .70 | .71 | .73 | .74 | .75 | .76 |
| **70** | .61 | .61 | .62 | .63 | .63 | .64 | .65 | .66 | .67 | .68 | .69 | .71 | .72 | .74 | .75 |

# 75% Survivor Pension

The 75% Survivor Pension pays you a reduced pension using an actuarial percent. The month after your death, **three-quarters (75%) of the amount you were receiving continues to your beneficiary** for the rest of his/her lifetime. If your beneficiary dies before you, your pension will revert to the full Straight Life pension.

| | |
|---|---|
| 1. Write your estimated Straight Life monthly pension. | $ |
| 2. Using the ages as of your retirement effective date, write the appropriate percent from the sample 75% Survivor chart below and multiply. If your's or your beneficiary's age is younger or older than the range shown below, please telephone ORS toll-free at 800-381-5111 or in the Lansing area at 517-322-5103 for assistance. | x |
| 3. This is your estimated 75% Survivor monthly pension. | $ |
| 4. Multiply your estimated pension by 75% (.75) Upon your death, your beneficiary will receive this amount. | x .75<br>$ |

| **Retiree — Age 59<br>Beneficiary — Age 57** | |
|---|---|
| 1. | $1,125.00 |
| 2. | x .88 |
| 3. | $ 990.00 |
| 4. | x .75<br>$ 742.50 |

**75% SURVIVOR PENSION SAMPLE CHART:** *Percentage Rates Subject to Change*

| RETIREE AGE | BENEFICIARY AGE 41 | 43 | 45 | 47 | 49 | 51 | 53 | 55 | 57 | 59 | 61 | 63 | 65 | 67 | 69 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **48** | .93 | .93 | .93 | .94 | .94 | .94 | .95 | .95 | .95 | .96 | .96 | .96 | .97 | .97 | .97 |
| **49** | .92 | .92 | .93 | .93 | .93 | .94 | .94 | .95 | .95 | .95 | .96 | .96 | .96 | .97 | .97 |
| **50** | .91 | .92 | .92 | .92 | .93 | .93 | .94 | .94 | .94 | .95 | .95 | .96 | .96 | .96 | .97 |
| **51** | .91 | .91 | .91 | .92 | .92 | .93 | .93 | .94 | .94 | .94 | .95 | .95 | .96 | .96 | .96 |
| **52** | .90 | .90 | .91 | .91 | .92 | .92 | .93 | .93 | .93 | .94 | .94 | .95 | .95 | .96 | .96 |
| **53** | .89 | .90 | .90 | .90 | .91 | .91 | .92 | .92 | .93 | .93 | .94 | .94 | .95 | .95 | .96 |
| **54** | .88 | .89 | .89 | .90 | .90 | .91 | .91 | .92 | .92 | .93 | .93 | .94 | .94 | .95 | .95 |
| **55** | .88 | .88 | .88 | .89 | .89 | .90 | .90 | .91 | .92 | .92 | .93 | .93 | .94 | .94 | .95 |
| **56** | .87 | .87 | .88 | .88 | .89 | .89 | .90 | .90 | .91 | .91 | .92 | .93 | .93 | .94 | .94 |
| **57** | .86 | .86 | .87 | .87 | .88 | .88 | .89 | .89 | .90 | .91 | .91 | .92 | .93 | .93 | .94 |
| **58** | .85 | .85 | .86 | .86 | .87 | .87 | .88 | .88 | .89 | .90 | .91 | .91 | .92 | .93 | .93 |
| **59** | .84 | .84 | .85 | .85 | .86 | .86 | .87 | .88 | .88 | .89 | .90 | .90 | .91 | .92 | .93 |
| **60** | .82 | .83 | .83 | .84 | .85 | .85 | .86 | .86 | .87 | .88 | .89 | .89 | .90 | .91 | .92 |
| **61** | .81 | .82 | .82 | .83 | .83 | .84 | .85 | .85 | .86 | .87 | .88 | .89 | .89 | .90 | .91 |
| **62** | .80 | .80 | .81 | .82 | .82 | .83 | .83 | .84 | .85 | .86 | .87 | .87 | .88 | .89 | .90 |
| **63** | .79 | .79 | .80 | .80 | .81 | .81 | .82 | .83 | .84 | .85 | .85 | .86 | .87 | .88 | .89 |
| **64** | .77 | .78 | .78 | .79 | .79 | .80 | .81 | .82 | .82 | .83 | .84 | .85 | .86 | .87 | .88 |
| **65** | .76 | .76 | .77 | .77 | .78 | .79 | .79 | .80 | .81 | .82 | .83 | .84 | .85 | .86 | .87 |
| **66** | .74 | .75 | .75 | .76 | .77 | .77 | .78 | .79 | .80 | .81 | .82 | .83 | .84 | .85 | .86 |
| **67** | .73 | .73 | .74 | .74 | .75 | .76 | .76 | .77 | .78 | .79 | .80 | .81 | .82 | .83 | .85 |
| **68** | .71 | .72 | .72 | .73 | .73 | .74 | .75 | .76 | .77 | .78 | .79 | .80 | .81 | .82 | .83 |
| **69** | .70 | .70 | .71 | .71 | .72 | .73 | .73 | .74 | .75 | .76 | .77 | .78 | .79 | .81 | .82 |
| **70** | .68 | .68 | .69 | .70 | .70 | .71 | .72 | .73 | .73 | .74 | .76 | .77 | .78 | .79 | .81 |

# 50% Survivor Pension

The 50% Survivor Pension pays you a reduced pension using an actuarial percent. The month after your death, **one-half (50%) of the amount you were receiving continues to your beneficiary** for the rest of his/her lifetime. If your beneficiary dies before you, your pension will revert to the full Straight Life pension.

| | | **Example**<br>**Retiree — Age 59**<br>**Beneficiary — Age 57** |
|---|---|---|
| 1. Write your estimated Straight Life monthly pension. | $ | 1. $1,125.00 |
| 2. Using the ages as of your retirement effective date, write the appropriate percent from the sample 50% Survivor chart below and multiply. If your's or your beneficiary's age is younger or older than the range shown below, please telephone ORS toll-free at 800-381-5111 or in the Lansing area at 517-322-5103 for assistance. | x | 2. x .91 |
| 3. This is your estimated 50% Survivor monthly pension. | $ | 3. $ 1,023.75 |
| 4. Multiply your estimated pension by 50% (.50) Upon your death, your beneficiary will receive this amount. | x .50<br>$ | 4. x .50<br>$ 511.88 |

**50% SURVIVOR PENSION SAMPLE CHART:** *Percentage Rates Subject to Change*

| RETIREE AGE | BENEFICIARY AGE 41 | 43 | 45 | 47 | 49 | 51 | 53 | 55 | 57 | 59 | 61 | 63 | 65 | 67 | 69 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 48 | .94 | .95 | .95 | .95 | .95 | .96 | .96 | .96 | .96 | .97 | .97 | .97 | .97 | .97 | .98 |
| 49 | .94 | .94 | .95 | .95 | .95 | .95 | .96 | .96 | .96 | .96 | .97 | .97 | .97 | .97 | .97 |
| 50 | .94 | .94 | .94 | .94 | .95 | .95 | .95 | .95 | .96 | .96 | .96 | .97 | .97 | .97 | .97 |
| 51 | .93 | .93 | .94 | .94 | .94 | .95 | .95 | .95 | .95 | .96 | .96 | .96 | .97 | .97 | .97 |
| 52 | .93 | .93 | .93 | .93 | .94 | .94 | .94 | .95 | .95 | .95 | .96 | .96 | .96 | .97 | .97 |
| 53 | .92 | .92 | .93 | .93 | .93 | .94 | .94 | .94 | .95 | .95 | .95 | .96 | .96 | .96 | .97 |
| 54 | .92 | .92 | .92 | .92 | .93 | .93 | .93 | .94 | .94 | .95 | .95 | .95 | .96 | .96 | .96 |
| 55 | .91 | .91 | .92 | .92 | .92 | .93 | .93 | .93 | .94 | .94 | .95 | .95 | .95 | .96 | .96 |
| 56 | .90 | .91 | .91 | .91 | .92 | .92 | .92 | .93 | .93 | .94 | .94 | .94 | .95 | .95 | .96 |
| 57 | .90 | .90 | .90 | .91 | .91 | .91 | .92 | .92 | .93 | .93 | .94 | .94 | .94 | .95 | .95 |
| 58 | .89 | .89 | .89 | .90 | .90 | .91 | .91 | .92 | .92 | .92 | .93 | .93 | .94 | .94 | .95 |
| 59 | .88 | .88 | .89 | .89 | .89 | .90 | .90 | .91 | .91 | .92 | .92 | .93 | .93 | .94 | .94 |
| 60 | .87 | .87 | .88 | .88 | .89 | .89 | .90 | .90 | .91 | .91 | .92 | .92 | .93 | .93 | .94 |
| 61 | .86 | .87 | .87 | .87 | .88 | .88 | .89 | .89 | .90 | .90 | .91 | .92 | .92 | .93 | .93 |
| 62 | .85 | .86 | .86 | .86 | .87 | .87 | .88 | .88 | .89 | .90 | .90 | .91 | .91 | .92 | .93 |
| 63 | .84 | .85 | .85 | .85 | .86 | .86 | .87 | .87 | .88 | .89 | .89 | .90 | .91 | .91 | .92 |
| 64 | .83 | .83 | .84 | .84 | .85 | .85 | .86 | .86 | .87 | .88 | .88 | .89 | .90 | .91 | .91 |
| 65 | .82 | .82 | .83 | .83 | .84 | .84 | .85 | .85 | .86 | .87 | .87 | .88 | .89 | .90 | .90 |
| 66 | .81 | .81 | .82 | .82 | .83 | .83 | .84 | .84 | .85 | .86 | .86 | .87 | .88 | .89 | .90 |
| 67 | .80 | .80 | .80 | .81 | .81 | .82 | .82 | .83 | .84 | .85 | .85 | .86 | .87 | .88 | .89 |
| 68 | .78 | .79 | .79 | .80 | .80 | .81 | .81 | .82 | .83 | .83 | .84 | .85 | .86 | .87 | .88 |
| 69 | .77 | .77 | .78 | .78 | .79 | .79 | .80 | .81 | .81 | .82 | .83 | .84 | .85 | .86 | .87 |
| 70 | .76 | .76 | .76 | .77 | .77 | .78 | .79 | .79 | .80 | .81 | .82 | .83 | .84 | .85 | .86 |

# Straight Life Equated, 100% Equated, 75% Equated, 50% Equated: Equated Plan Pensions

You may combine the Equated Retirement Plan with the Straight Life Option and any one of the Survivor Options if you are under age 61 and not a disability applicant.

The Equated Plan provides a higher pension every month until age 62, when the monthly pension permanently decreases to a lower amount than the Straight Life Option or any Survivor Option alone would provide.

The before-age-62 and after-age-62 amounts used in the Equated Plan are based on your projected age 62 Social Security benefit from the Social Security Administration (SSA). *If you want an estimate of the Equated Plan or choose an Equated Plan at retirement you must request an estimate of earnings and benefits directly from the Social Security Administration (SSA) and provide it to ORS. The SSA estimate must be based on receiving Social Security benefits at age 62.* To get this estimate, you can contact your local SSA office, call SSA toll-free at 800-772-1213, or go to the SSA web site at: http://www.ssa.gov/

The Equated Plan does not affect a survivor pension. If you choose a survivor option combined with the Equated Plan your beneficiary will receive the applicable 100%, 75%, or 50% amount beginning the month following your death. If your beneficiary dies before you, your pension will revert to a Straight Life Equated pension.

The Equated Plan does not affect any post-retirement increases from either the Retirement System or Social Security.

**To calculate your estimated pension before age 62 and after age 62 using the Equated Plan, contact ORS in writing or by FAX, e-mail or telephone for additional information. You will need to provide your age upon retirement** (e.g., 59 years and 10 months) **and** your age 62 Social Security benefit you obtained from the Social Security Administration.

| | Straight Life | 100% | 75% | 50% |
|---|---|---|---|---|
| 1. Write your applicable estimated pension here. | $ | $ | $ | $ |
| | **Straight Life Equated** | **100% Equated** | **75% Equated** | **50% Equated** |
| 2. Write the pre-62 advance amount and total. | + | + | + | + |
| 3. This is the estimated monthly pension you will receive to age 62. | $ | $ | $ | $ |
| 4. Write the age-62 permanent reduction amount and subtract. | - | - | - | - |
| 5. This is the estimated Retirement System monthly pension you will receive at age 62. | $ | $ | $ | $ |

## Straight Life Equated, 100% Equated, 75% Equated, 50% Equated Pensions

| Examples | | | | |
|---|---|---|---|---|
| | **Straight Life** | **100%** | **75%** | **50%** |
| 1. Write your applicable estimated pension here. | $1,125.00 | $945.00 | $990.00 | $1,023.75 |
| | **Straight Life Equated** | **100% Equated** | **75% Equated** | **50% Equated** |
| 2. Write the pre-62 advance amount and total. | +685.00 | +685.00 | +685.00 | +685.00 |
| 3. This is the estimated monthly pension you will receive to age 62. | $1,810.00 | $1,630.00 | $1,675.00 | $1,708.75 |
| 4. Write the age-62 permanent reduction amount and subtract. | - 870.00 | - 870.00 | - 870.00 | - 870.00 |
| 5. This is the estimated Retirement System monthly pension you will receive at age 62. | $940.00 | $760.00 | $805.00 | $838.75 |

# Post-retirement increases

The Member Investment Plan (MIP) provides permanent post-retirement increases. The increases are equal to three percent (.03) of the initial pension you receive under the Straight Life Option or one of the Survivor Options – 100%, 75%, or 50%, whichever you choose.

Similarly, for those retiring early with a reduced pension (see page 10), the post-retirement increase is based on the monthly reduced pension amount you actually receive.

The first increase is permanently added to your monthly pension in October after you complete twelve months of retirement. (If your retirement effective date is October 1, you are eligible for the increase the following October.) This same amount is added again each following October. The increases are permanent and cumulative, not compounded.

The Equated Plan does not affect the amount of your MIP increase.

If you choose the 100% Survivor Option or 100% Equated, upon your death your beneficiary will continue to receive the same increase you were receiving.

If you choose the 75% Survivor Option or 75% Equated, upon your death your beneficiary will receive three-quarters (75%) of the MIP increase you were receiving.

If you choose the 50% Survivor Option or 50% Equated, upon your death your beneficiary will receive one-half (50%) of the MIP increase you were receiving.

| | Straight Life | 100% | 75% | 50% |
|---|---|---|---|---|
| 1. Write your applicable estimated pension and multiply. | | | | |
| 2. This amount is permanently added to your monthly pension each October after you complete twelve months of retirement. | x .03<br>$ | x .03<br>$ | x .03<br>$ | x .03<br>$ |

**EXAMPLES**

| | Straight Life | 100% | 75% | 50% |
|---|---|---|---|---|
| 1. Write your applicable estimated pension and multiply. | $1,125.00 | $945.00 | $990.00 | $1,023.75 |
| 2. This amount is permanently added to your monthly pension each October after you complete twelve months of retirement. | x .03<br>$33.75 | x .03<br>$28.35 | x .03<br>$29.70 | x .03<br>$30.71 |

**STRAIGHT LIFE ESTIMATE CHART** — This chart can be used to determine your annual Straight Life pension or as a review of your calculations. The amount on page 46, line 7 approximates an estimate from this chart. If there is a discrepancy, check your calculations. Locate your average wage in the first column below. Then move to the right on the same line to the column for the years of service credit which you have. The amount in that column is your estimated annual pension using the Straight Life formula. If your average wage or service credit is not shown, your pension will be proportionately between the column or line before and after.

| Average Wage | Value Per Year | Years of Service Credit 10 | 12 | 14 | 16 | 18 | 20 | 22 | 24 | 26 | 28 | 30 | 32 | 34 | 36 | 38 | 40 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 5,000 | 75.00 | 750 | 900 | 1,050 | 1,200 | 1,350 | 1,500 | 1,650 | 1,800 | 1,950 | 2,100 | 2,250 | 2,400 | 2,550 | 2,700 | 2,850 | 3,000 |
| 6,000 | 90.00 | 900 | 1,080 | 1,260 | 1,440 | 1,620 | 1,800 | 1,980 | 2,160 | 2,340 | 2,520 | 2,700 | 2,880 | 3,060 | 3,240 | 3,420 | 3,600 |
| 7,000 | 105.00 | 1,050 | 1,260 | 1,470 | 1,680 | 1,890 | 2,100 | 2,310 | 2,520 | 2,730 | 2,940 | 3,150 | 3,360 | 3,570 | 3,780 | 3,990 | 4,200 |
| 8,000 | 120.00 | 1,200 | 1,440 | 1,680 | 1,920 | 2,160 | 2,400 | 2,640 | 2,880 | 3,120 | 3,360 | 3,600 | 3,840 | 4,080 | 4,320 | 4,560 | 4,800 |
| 9,000 | 135.00 | 1,350 | 1,620 | 1,890 | 2,160 | 2,430 | 2,700 | 2,970 | 3,240 | 3,510 | 3,780 | 4,050 | 4,320 | 4,590 | 4,860 | 5,130 | 5,400 |
| 10,000 | 150.00 | 1,500 | 1,800 | 2,100 | 2,400 | 2,700 | 3,000 | 3,300 | 3,600 | 3,900 | 4,200 | 4,500 | 4,800 | 5,100 | 5,400 | 5,700 | 6,000 |
| 11,000 | 165.00 | 1,650 | 1,980 | 2,310 | 2,640 | 2,970 | 3,300 | 3,630 | 3,960 | 4,290 | 4,620 | 4,950 | 5,280 | 5,610 | 5,940 | 6,270 | 6,600 |
| 12,000 | 180.00 | 1,800 | 2,160 | 2,520 | 2,880 | 3,240 | 3,600 | 3,960 | 4,320 | 4,680 | 5,040 | 5,400 | 5,760 | 6,120 | 6,480 | 6,840 | 7,200 |
| 13,000 | 195.00 | 1,950 | 2,340 | 2,730 | 3,120 | 3,510 | 3,900 | 4,290 | 4,680 | 5,070 | 5,460 | 5,850 | 6,240 | 6,630 | 7,020 | 7,410 | 7,800 |
| 14,000 | 210.00 | 2,100 | 2,520 | 2,940 | 3,360 | 3,780 | 4,200 | 4,620 | 5,040 | 5,460 | 5,880 | 6,300 | 6,720 | 7,140 | 7,560 | 7,980 | 8,400 |
| 15,000 | 225.00 | 2,250 | 2,700 | 3,150 | 3,600 | 4,050 | 4,500 | 4,950 | 5,400 | 5,850 | 6,300 | 6,750 | 7,200 | 7,650 | 8,100 | 8,550 | 9,000 |
| 16,000 | 240.00 | 2,400 | 2,880 | 3,360 | 3,840 | 4,320 | 4,800 | 5,280 | 5,760 | 6,240 | 6,720 | 7,200 | 7,680 | 8,160 | 8,640 | 9,120 | 9,600 |
| 17,000 | 255.00 | 2,550 | 3,060 | 3,570 | 4,080 | 4,590 | 5,100 | 5,610 | 6,120 | 6,630 | 7,140 | 7,650 | 8,160 | 8,670 | 9,180 | 9,690 | 10,200 |
| 18,000 | 270.00 | 2,700 | 3,240 | 3,780 | 4,320 | 4,860 | 5,400 | 5,940 | 6,480 | 7,020 | 7,560 | 8,100 | 8,640 | 9,180 | 9,720 | 10,260 | 10,800 |
| 19,000 | 285.00 | 2,850 | 3,420 | 3,990 | 4,560 | 5,130 | 5,700 | 6,270 | 6,840 | 7,410 | 7,980 | 8,550 | 9,120 | 9,690 | 10,260 | 10,830 | 11,400 |
| 20,000 | 300.00 | 3,000 | 3,600 | 4,200 | 4,800 | 5,400 | 6,000 | 6,600 | 7,200 | 7,800 | 8,400 | 9,000 | 9,600 | 10,200 | 10,800 | 11,400 | 12,000 |
| 21,000 | 315.00 | 3,150 | 3,780 | 4,410 | 5,040 | 5,670 | 6,300 | 6,930 | 7,560 | 8,190 | 8,820 | 9,450 | 10,080 | 10,710 | 11,340 | 11,970 | 12,600 |
| 22,000 | 330.00 | 3,300 | 3,960 | 4,620 | 5,280 | 5,940 | 6,600 | 7,260 | 7,920 | 8,580 | 9,240 | 9,900 | 10,560 | 11,220 | 11,880 | 12,540 | 13,200 |
| 23,000 | 345.00 | 3,450 | 4,140 | 4,830 | 5,520 | 6,210 | 6,900 | 7,590 | 8,280 | 8,970 | 9,660 | 10,350 | 11,040 | 11,730 | 12,420 | 13,110 | 13,800 |
| 24,000 | 360.00 | 3,600 | 4,320 | 5,040 | 5,760 | 6,480 | 7,200 | 7,920 | 8,640 | 9,360 | 10,080 | 10,800 | 11,520 | 12,240 | 12,960 | 13,680 | 14,400 |
| 25,000 | 375.00 | 3,750 | 4,500 | 5,250 | 6,000 | 6,750 | 7,500 | 8,250 | 9,000 | 9,750 | 10,500 | 11,250 | 12,000 | 12,750 | 13,500 | 14,250 | 15,000 |
| 26,000 | 390.00 | 3,900 | 4,680 | 5,460 | 6,240 | 7,020 | 7,800 | 8,580 | 9,360 | 10,140 | 10,920 | 11,700 | 12,480 | 13,260 | 14,040 | 14,820 | 15,600 |
| 27,000 | 405.00 | 4,050 | 4,860 | 5,670 | 6,480 | 7,290 | 8,100 | 8,910 | 9,720 | 10,530 | 11,340 | 12,150 | 12,960 | 13,770 | 14,580 | 15,390 | 16,200 |
| 28,000 | 420.00 | 4,200 | 5,040 | 5,880 | 6,720 | 7,560 | 8,400 | 9,240 | 10,080 | 10,920 | 11,760 | 12,600 | 13,440 | 14,280 | 15,120 | 15,960 | 16,800 |
| 29,000 | 435.00 | 4,350 | 5,220 | 6,090 | 6,960 | 7,830 | 8,700 | 9,570 | 10,440 | 11,310 | 12,180 | 13,050 | 13,920 | 14,790 | 15,660 | 16,530 | 17,400 |
| 30,000 | 450.00 | 4,500 | 5,400 | 6,300 | 7,200 | 8,100 | 9,000 | 9,900 | 10,800 | 11,700 | 12,600 | 13,500 | 14,400 | 15,300 | 16,200 | 17,100 | 18,000 |
| 31,000 | 465.00 | 4,650 | 5,580 | 6,510 | 7,440 | 8,370 | 9,300 | 10,230 | 11,160 | 12,090 | 13,020 | 13,950 | 14,880 | 15,810 | 16,740 | 17,670 | 18,600 |
| 32,000 | 480.00 | 4,800 | 5,760 | 6,720 | 7,680 | 8,640 | 9,600 | 10,560 | 11,520 | 12,480 | 13,440 | 14,400 | 15,360 | 16,320 | 17,280 | 18,240 | 19,200 |
| 33,000 | 495.00 | 4,950 | 5,940 | 6,930 | 7,920 | 8,910 | 9,900 | 10,890 | 11,880 | 12,870 | 13,860 | 14,850 | 15,840 | 16,830 | 17,820 | 18,810 | 19,800 |
| 34,000 | 510.00 | 5,100 | 6,120 | 7,140 | 8,160 | 9,180 | 10,200 | 11,220 | 12,240 | 13,260 | 14,280 | 15,300 | 16,320 | 17,340 | 18,360 | 19,380 | 20,400 |
| 35,000 | 525.00 | 5,250 | 6,300 | 7,350 | 8,400 | 9,450 | 10,500 | 11,550 | 12,600 | 13,650 | 14,700 | 15,750 | 16,800 | 17,850 | 18,900 | 19,950 | 21,000 |
| 36,000 | 540.00 | 5,400 | 6,480 | 7,560 | 8,640 | 9,720 | 10,800 | 11,880 | 12,960 | 14,040 | 15,120 | 16,200 | 17,280 | 18,360 | 19,440 | 20,520 | 21,600 |
| 37,000 | 555.00 | 5,550 | 6,660 | 7,770 | 8,880 | 9,990 | 11,100 | 12,210 | 13,320 | 14,430 | 15,540 | 16,650 | 17,760 | 18,870 | 19,980 | 21,090 | 22,200 |
| 38,000 | 570.00 | 5,700 | 6,840 | 7,980 | 9,120 | 10,260 | 11,400 | 12,540 | 13,680 | 14,820 | 15,960 | 17,100 | 18,240 | 19,380 | 20,520 | 21,660 | 22,800 |
| 39,000 | 585.00 | 5,850 | 7,020 | 8,190 | 9,360 | 10,530 | 11,700 | 12,870 | 14,040 | 15,210 | 16,380 | 17,550 | 18,720 | 19,890 | 21,060 | 22,230 | 23,400 |
| 40,000 | 600.00 | 6,000 | 7,200 | 8,400 | 9,600 | 10,800 | 12,000 | 13,200 | 14,400 | 15,600 | 16,800 | 18,000 | 19,200 | 20,400 | 21,600 | 22,800 | 24,000 |
| 41,000 | 615.00 | 6,150 | 7,380 | 8,610 | 9,840 | 11,070 | 12,300 | 13,530 | 14,760 | 15,990 | 17,220 | 18,450 | 19,680 | 20,910 | 22,140 | 23,370 | 24,600 |
| 42,000 | 630.00 | 6,300 | 7,560 | 8,820 | 10,080 | 11,340 | 12,600 | 13,860 | 15,120 | 16,380 | 17,640 | 18,900 | 20,160 | 21,420 | 22,680 | 23,940 | 25,200 |
| 43,000 | 645.00 | 6,450 | 7,740 | 9,030 | 10,320 | 11,610 | 12,900 | 14,190 | 15,480 | 16,770 | 18,060 | 19,350 | 20,640 | 21,930 | 23,220 | 24,510 | 25,800 |
| 44,000 | 660.00 | 6,600 | 7,920 | 9,240 | 10,560 | 11,880 | 13,200 | 14,520 | 15,840 | 17,160 | 18,480 | 19,800 | 21,120 | 22,440 | 23,760 | 25,080 | 26,400 |
| 45,000 | 675.00 | 6,750 | 8,100 | 9,450 | 10,800 | 12,150 | 13,500 | 14,850 | 16,200 | 17,550 | 18,900 | 20,250 | 21,600 | 22,950 | 24,300 | 25,650 | 27,000 |
| 46,000 | 690.00 | 6,900 | 8,280 | 9,660 | 11,040 | 12,420 | 13,800 | 15,180 | 16,560 | 17,940 | 19,320 | 20,700 | 22,080 | 23,460 | 24,840 | 26,220 | 27,600 |
| 47,000 | 705.00 | 7,050 | 8,460 | 9,870 | 11,280 | 12,690 | 14,100 | 15,510 | 16,920 | 18,330 | 19,740 | 21,150 | 22,560 | 23,970 | 25,380 | 26,790 | 28,200 |
| 48,000 | 720.00 | 7,200 | 8,640 | 10,080 | 11,520 | 12,960 | 14,400 | 15,840 | 17,280 | 18,720 | 20,160 | 21,600 | 23,040 | 24,480 | 25,920 | 27,360 | 28,800 |
| 49,000 | 735.00 | 7,350 | 8,820 | 10,290 | 11,760 | 13,230 | 14,700 | 16,170 | 17,640 | 19,110 | 20,580 | 22,050 | 23,520 | 24,990 | 26,460 | 27,930 | 29,400 |
| 50,000 | 750.00 | 7,500 | 9,000 | 10,500 | 12,000 | 13,500 | 15,000 | 16,500 | 18,000 | 19,500 | 21,000 | 22,500 | 24,000 | 25,500 | 27,000 | 28,500 | 30,000 |
| 51,000 | 765.00 | 7,650 | 9,180 | 10,710 | 12,240 | 13,770 | 15,300 | 16,830 | 18,360 | 19,890 | 21,420 | 22,950 | 24,480 | 26,010 | 27,540 | 29,070 | 30,600 |
| 52,000 | 780.00 | 7,800 | 9,360 | 10,920 | 12,480 | 14,040 | 15,600 | 17,160 | 18,720 | 20,280 | 21,840 | 23,400 | 24,960 | 26,520 | 28,080 | 29,640 | 31,200 |
| 53,000 | 795.00 | 7,950 | 9,540 | 11,130 | 12,720 | 14,310 | 15,900 | 17,490 | 19,080 | 20,670 | 22,260 | 23,850 | 25,440 | 27,030 | 28,620 | 30,210 | 31,800 |
| 54,000 | 810.00 | 8,100 | 9,720 | 11,340 | 12,960 | 14,580 | 16,200 | 17,820 | 19,440 | 21,060 | 22,680 | 24,300 | 25,920 | 27,540 | 29,160 | 30,780 | 32,400 |
| 55,000 | 825.00 | 8,250 | 9,900 | 11,550 | 13,200 | 14,850 | 16,500 | 18,150 | 19,800 | 21,450 | 23,100 | 24,750 | 26,400 | 28,050 | 29,700 | 31,350 | 33,000 |
| 56,000 | 840.00 | 8,400 | 10,080 | 11,760 | 13,440 | 15,120 | 16,800 | 18,480 | 20,160 | 21,840 | 23,520 | 25,200 | 26,880 | 28,560 | 30,240 | 31,920 | 33,600 |

# APPENDIX B:
# Member's Statement of Account

Individual *Member's Statement of Account* for active members for the school fiscal year ending June 30 are mailed to your home each year. ORS will send notices to the schools' payroll/personnel office when the statements are mailed. If you were actively employed during the last school fiscal year and do not receive a *Member's Statement of Account*, please contact ORS to have a duplicate statement mailed.

Your *Member's Statement of Account* shows the wages and service hours reported to ORS, along with other important data about your account. Because your future benefits will be determined by the wages and service hours reported to ORS, you should carefully review the statement for accuracy. If you think the wages and/or service hours have been reported inaccurately, notify your public school business/payroll office(s). Report any other inaccuracies, in writing, to ORS. Be sure to include your Social Security number and mailing address in your request.

## Contributions, payments, and interest

The Member Investment Plan (MIP) account balance reflects contributions and interest credited through June 30. On July 1, compound interest, at the rate of investment return the law specifies, is posted on your MIP account balance as of the previous July 1. The Other Employee Contributions (OEC) account balance shows any personal contributions you made during the contributory period and payments for buy-in credit, if any, processed by June 30. 6% interest on your OEC balance is posted June 30 for the balance as of the previous June 30. Service performed, contributions paid and any other payments processed after June 30 will show on future statements.

## Service credit total

Your *Member's Statement of Account* shows your total years of service credit. The cumulative total includes your service credit earned under this Retirement System and any buy-in credit purchased as of the end of the school fiscal year represented by the statement.

**Note:** Purchased credit is not reflected in the cumulative total until you have completed 10.0 years under this Retirement System.

The *Member's Statement of Account* displays retirement credit (reported and purchased) only to the first decimal place.

On the following page is a sample of the *2001-2002 Member's Statement of Account*.

R02A635

MEMBER'S STATEMENT OF ACCOUNT
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT SYSTEM (MPSERS)
P.O. BOX 30171, LANSING, MICHIGAN 48909-7671

STATEMENT PREPARED FOR: BIRTHDATE:
SOCIAL SECURITY NUMBER: SEX:
BENEFIT PLAN: MEMBER INVESTMENT PLAN
BENEFICIARIES: PRIMARY:
CONTINGENT:

THE FOLLOWING REFLECTS YOUR RETIREMENT ACCOUNT TOTALS AS OF JUNE 30, 2002

| | |
|---|---|
| MIP CONTRIBUTIONS | $2,953.97 |
| MIP INTEREST | $489.81 |
| MIP ACCOUNT BALANCE | $3,443.78 |

RETIREMENT CREDIT ON 06/30/2002--REPORTED: 6.7 TOTAL: 6.7



THE FOLLOWING 07/01/2001 THRU 06/30/2002 TRANSACTIONS ARE INCLUDED IN ABOVE TOTALS:

| | | | |
|---|---|---|---|
| 2001/2002 REPORTED CREDIT | 1.0 | MIP CONTRIBUTIONS | $684.82 |
| | | MIP INTEREST | $219.87 |

| --SCHOOL AGENCY-- | 2001/2002 | WAGES | MIP CONTRIB. | HOURS |
|---|---|---|---|---|
| | | $19,065.51 | $684.82 | 1,710.00 |
| TOTALS | | $19,065.51 | $684.82 | CREDIT: 1.0 |

The cover letter included with your Member's Statement of Account provides a detailed explanation of the contents of your statement. Please keep these documents for your records.

As a member of the Michigan Public School Employees Retirement System (MPSERS) you participate in a Defined Benefit Plan (401a) administered by the Office of Retirement Services (ORS). Pension payments are based upon your retirement plan either the Member Investment Plan (MIP) or the Basic Plan , and the wages and hours reported by your payroll office to ORS.

For comprehensive information on other aspects of your retirement plan, please read the "Retirement Guidelines" booklet. You may contact ORS for a copy or access our web site at: www.michigan.gov/ors under "Publications and Forms." Many applications and forms are available to download from this web site.

Three additional popular areas on our web site include: "Benefit Estimator," "Frequently Asked Questions," and "Purchasing Service Credit."

R106C (REV. 3/96) AUTHORITY: ACT 300, P.A. 1980, AS AMENDED DA-0,011,674
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2001/2002 MEMBER'S STATEMENT OF ACCOUNT



PREPARED FOR:

SSN:

GENERAL INFORMATION

Regular retirement benefits are available with at least 30 years of service credit, beginning no earlier than age 46 for MIP members and no earlier than age 55 for Basic Plan members. In each case, at least 15 of your service credit years must have been earned in a Michigan public school as a member of this retirement system. Regular retirement benefits are also available at age 60 with at least 10 years of service credit. Other types of retirement are explained in the "Retirement Guidelines" booklet.

If you are within 5 years of retirement we encourage you to attend a Pre-Retirement Information Meeting (PRIM). A schedule of these meetings is available on our web site.

When you are ready to retire, please contact ORS to request a "Retirement Application Packet," at least 3 to 6 months before your retirement effective date.

EXPLANATION OF STATEMENT

One year of service credit is earned after 1020 hours of Michigan public school employment. Typically a year of service credit is earned with a minimum of 170 days at 6 or more hours per day. A maximum of 30 hours per week can count for service credit. No more than one year of service credit may be earned in a July 1 through June 30 school fiscal year, and proportionate service credit is earned for less than full-time employment.

The following are examples of service credit earned for less than full-time employment: 170 days at 3.0 hours per day = 0.5 year of credit, 204 days at 4.0 hours per day = 0.8 year of credit, and 260 days at 4.0 hours per day = 1.0 year of credit.

Interest totals shown on your statement are only for informational purposes. Interest is not taxable at this time and should not be included on your tax returns.

Please keep ORS informed of your mailing address by reporting all address changes.

# APPENDIX C:
# Divorce and Domestic Relations Orders

If you are employed by a Michigan public school when you divorce, or are in deferred status, the Court may order the Retirement System to pay a portion of your pension to an alternate payee, typically your former spouse. The order, known as an Eligible Domestic Relations Order (EDRO), must be on file with the Retirement System before your retirement effective date. If the pension is not being divided, an EDRO is not filed.

Before the Retirement System can implement an EDRO, it must comply with the provisions of both of the following two laws:

- The Eligible Domestic Relations Order (EDRO) Act (1991 P. A. 46); and

- The Michigan Public School Employees Retirement Act (1980 P.A. 300, as amended).

An EDRO cannot require the Retirement System to provide a type or form of benefit not provided by the Retirement System or the EDRO Act. Also, it cannot order the Retirement System to pay an increased benefit based on actuarial value.

An EDRO applies only to the pension portion of your public school retirement benefit package. It cannot order the Retirement System to provide insurance coverage benefits for the alternate payee.

By law, an EDRO must contain specific information in a specific format. A copy of ORS' EDRO booklet, which includes important information about EDROs as well as a sample EDRO for public school employees, can be found on the ORS web site, or you can contact ORS for a copy of the booklet.

**The EDRO Act does not apply to a divorce that occurs after retirement. If you have questions about how a post-retirement divorce might impact your retirement pension, contact ORS for assistance.**

# APPENDIX D:

## Financial Planning Information

Retirement planning begins with two questions: How much income will you need in retirement? Where will the money come from?

Ensuring you will have enough money in retirement to maintain the lifestyle you wish to lead is a fundamental concern. As you evaluate your situation, keep in mind that most of your retirement income will come from three sources:

- Your pension from this Retirement System;
- Social Security;
- Income from personal savings and investments.

You may have other income sources, such as post-retirement employment, a spouse's income, an estate or a trust. However, for the purposes of this discussion, these are ignored because of their special or temporary nature.

How much income do you need to maintain your standard of living? Retirement planners agree that 60% to 80% of the final year's gross salary is necessary. That general guideline may need to be adjusted for your particular circumstances. For instance, you may need more income if you plan to relocate to an area with a higher cost of living. For planning purposes, 75% is a good target.

*Example:* If your final gross salary is $36,000, you will need about $27,000 in your first year of retirement. ($36,000 x .75 = $27,000)

### Inflation

A typical person retiring today at age 55 should plan to live at least 30 more years. To retain the same purchasing power throughout 30 or more years of retirement, your income must increase each year to keep pace with inflation.

Consider the common items you buy every day, like a loaf of bread or a gallon of gasoline and how their costs have increased over 30 years. **Some costs have increased as much as 500%.**

You should plan for your income to keep pace with inflation to maintain your purchasing power as it exists when you retire. To do this, you must make an educated guess what inflation will be in the coming decades. While the past is no indication of the future, inflation has averaged 4.89% per year over the past 20 years.

While many of your expenses are apt to increase with inflation, some sources of your retirement income may not. How will income from your three primary sources increase during your retirement years?

***Retirement System Pension:*** If you belong to the Member Investment Plan (MIP), you will receive a 3% cumulative non-compounding increase each October. If you belong to the Basic Plan, you receive no guaranteed annual adjustments. You will receive a supplemental payment in those years that Retirement System investment earnings exceed expectations, but those occurrences are neither guaranteed nor predictable.

A Basic Plan member will need to place far more reliance on personal savings and investments.

***Social Security:*** Benefits are indexed to the Consumer Price Index and adjusted each January.

***Personal Savings and Investments:*** As inflation increases your income needs, your savings will be depleted at a faster rate. If your investment earnings do not replace that income adequately, you are at risk of outliving your savings.

Your pension is explained in this Guidelines booklet. You should contact the Social Security Administration about your Social Security benefits. Now you need to consider how you're going to supplement those two income sources with your own personal savings.

## Choice of investments

Investments vary according to risk and expected return. Investments that are traditionally considered safe, such as passbook savings accounts, generally provide a low rate of return. To get a higher rate of return, you must be willing to assume some risk — being aware that you could lose some or all of your money. You have to decide how high a rate of return you want and how much risk you're willing to assume to achieve a high rate of return.

Another factor in choosing your personal investments is liquidity. Liquidity refers to how easily your investment can be converted into cash. For example, a savings account is a liquid investment, because you can easily make a withdrawal.

If you invest a substantial amount in nonliquid assets, such as stock, you may lose money if you have to convert them to cash. That's because you may be forced to sell at a loss if you need money quickly for an emergency.

Here are some investment strategy options you may want to consider. Remember, you must keep in mind your own retirement income needs, as well as the investment risk you're comfortable with.

## Tax-sheltered annuities

The tax-sheltered annuity (TSA), available to most public school employees, is a tax-deferred investment. That means the invested dollars are not subject to tax until you receive them. Your money grows faster, and your take-home pay is greater than if you save the same or equivalent amount on an after-tax basis.

TSAs can earn either a fixed or variable rate. Fixed-rate annuities provide a specified return, similar to Treasury bills, government bonds, and corporate bonds. Variable-rate annuities invest in stock and provide a return that changes according to market conditions.

## Diversification of investments

Many investment counselors favor diversification as a way to maximize return and lessen risk. For example, early in your career you minimize stock investments because you need liquid assets to provide for emergencies. You would, therefore, keep most of your money in a checking or savings account, money market or short-term certificate of deposit (CD).

Later, when you've saved enough to meet emergencies, you may be able to afford some risk by investing in stocks to help maximize your return. If the value of your investment drops, you have many earnings years to recuperate. As you approach retirement, you should begin reducing reliance on riskier investments because you have fewer years to recuperate.

**The most important ingredients in financial planning are:**

- *Goal Setting*
- *Planning*
- *Action*

You must look into the future and envision when you want to retire *(Goal Setting).* Once you have an idea of when you would like to retire, it becomes a simpler matter to determine how much personal savings is required *(Planning).* The next component is to actually begin saving *(Action).* The earlier you take action, the longer your savings will be able to work for you.

**This information is very general, and it is not intended to be an investment guide. Instead, ORS wants you to be aware that you will need personal savings to supplement your retirement income; you cannot depend on your pension and Social Security alone. You may wish to consult a financial planning expert for advice appropriate to your own needs.**

The ORS web site at www.state.mi.us/dmb/ors also has links to a number of financial planning resources you may want to review.

# APPENDIX E:
## Acceptable Proof of Birthdate

**ORS cannot process your retirement application until proof of your date of birth is on file. Photocopies are acceptable and need not be certified.**

I. To document your date of birth, you may file a photocopy of one of the following:

1. Birth certificate
2. Hospital birth record
3. Church baptismal record established during the first few years of your life
4. Passport
5. A delayed birth certificate

II. If none of the above is available and you have applied for a Social Security benefit and documented your date of birth, a statement from the Social Security Administration is sufficient. This statement must contain your date of birth and explain that you have filed sufficient documentation to establish your date of birth.

III. If you have not applied for Social Security benefits, photocopies of a minimum of two of the following documents **stating your age or date of birth** may be used. Records established early in life are preferred.

1. A school record
2. A church record
3. A state or federal census record (established near your birth)
4. A statement signed by the physician or midwife who was in attendance at the birth, as to the date of birth shown on his/her records
5. A Bible or other family record
6. An insurance policy
7. A marriage record
8. An employment record
9. A military record
10. A child's birth certificate that shows age of parent
11. Some other record that shows age or date of birth; for example, hospital treatment record, labor union or fraternal record, permits, licenses, voting or registration records, or poll tax receipts

IV. Applicants born in foreign countries may file any of the items listed above or one of the following:

1. A foreign passport
2. An immigration record established upon arrival in the United States
3. A naturalization record (citizenship paper)
4. An alien registration card

# APPENDIX F:
## Customer Outreach Program

ORS offers a **Pre-Retirement Informational Meeting** (PRIM) and an opportunity to schedule an **individual counseling appointment** at an Intermediate School District (ISD) near you.

As part of ORS' continuing effort to provide faster and better customer service, we are working with local ISDs to bring retirement information and services to a location near you.

A retirement representative will visit designated ISDs and facilitate a PRIM and conduct counseling appointments during the visitation.

For locations, maps, dates, times and how to schedule a counseling appointment you may check any of the following:

- The ORS homepage will have a complete schedule of each ISD visitation. See it at:

  **www.michigan.gov/ors**

  Click on the School Employees Retirement System, choose Pre-Retirement Information Meetings, then select your geographic area of interest.
- Look for flyers posted in your school or ISD.
- Check with your local school district personnel office or the ISD for visitations scheduled in your area.
- Call any ORS office for visitations scheduled in your area.

Availability of individual counseling appointments is limited. Those within two years of retirement will have preference.

# Index

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**U**



**V**



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**Y**

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